

STATE OF NEW YORK, DEPARTMENT OF LABOR

FRIEDA S. MILLER, *Industrial Commissioner*



PARTIAL UNEMPLOYMENT

Administrative Studies of Unemployment Insurance
and of the Inter-Relation of Partial and
Total Unemployment Benefits

including

Reports Submitted by the Industrial Commissioner
to the Legislature during the 1939
and 1940 Sessions

Bureau of Research and Statistics
Meredith B. Givens, *Director*

DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
Milton O. Loysen, *Executive Director*

112 State Street
Albany, N. Y.

342 Madison Avenue
New York City

Price \$1.75

STATE OF NEW YORK—DEPARTMENT OF LABOR

FRIEDA S. MILLER, *Industrial Commissioner*

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PREFACE

The unemployment insurance system in New York State provides compensation for unemployment which occurs in unbroken spells of full weeks or in multiples thereof. The New York law makes no provision for "partial" unemployment which occurs within periods of less than seven consecutive days in duration. Meanwhile, forty-six other jurisdictions (States and territorial agencies) paid benefits for partial unemployment in 1940. Legislative provisions and procedures are matters of controversy, however, and costs have not been determined with precision under varying conditions of employment. It has been demonstrated that partial unemployment is "convertible" into "total" unemployment through the adaptation of employers' work schedules to conform to legislative provisions. In New York State a new and unconventional "day-base" plan has been proposed, which would extend the Law's protection to cover all full days of unemployment, excluding only that form of fractional unemployment which occurs in less-than-day units.

As this Bulletin is published, the final solution of the problem remains for the future. Three consecutive reports, however, have been submitted to the Governor and to the Legislature by the Industrial Commissioner. Extensive studies have been made. The significant documents prepared since the publication of the *Interim Report*, referred to below, appear in the pages of this Bulletin:

The original New York State Unemployment Insurance Law (effective April 25, 1935) provided that the Industrial Commissioner appoint a committee of not more than three persons to make a study of partial unemployment and to make recommendations to the Commissioner in respect to provisions for the inclusion of benefits for partial unemployment in the Law. The Committee, appointed by the Industrial Commissioner in accordance with the Law and consisting of Herman A. Gray, *Chairman*, Marion B. Folsom, and George Meany, submitted an *Interim Report* on the subject to the Commissioner who transmitted it to the Legislature on February 1, 1938. This *Interim Report*, prepared at the request of and in cooperation with the Committee by the Bureau of Research and Statistics, Division of Placement and Unemployment Insurance, Department of Labor, was concerned mainly with a description of the nature and scope of the problem. No attempt was made to reach final conclusions. The Committee made no recommendations other than for continued study and the Legislature amended the Law to postpone the due dates of a further report until February 1, 1939.

Accordingly, on February 1, 1939, the Industrial Commissioner submitted the *Second Report on Partial Unemployment* to the Legislature, comprising the report and recommendations of the Committee and an administrative study of partial and total unemployment benefits prepared by the Bureau of Research and Statistics.

The Industrial Commissioner did not feel that the time was then opportune to extend the coverage of the Law to partial unemployment. The Division of Placement and Unemployment Insurance was in the midst of a sweeping reorganization of its procedure for paying benefits for total unemployment, and it was deemed unwise to assume the additional administrative tasks until the revised routines for total unemployment benefit had been put into satisfactory operation.

The results of a broad administrative study of unemployment insurance and the inter-relation of partial and total benefits which was undertaken in 1938-39 by the Division's Bureau of Research and Statistics were embodied in a Technical Report of the Bureau and were included in the *Second Report on Partial Unemployment*.

Pursuant to the Commissioner's recommendation, the Legislature again advanced the due date for a final report on partial unemployment to March 15, 1940. During 1939, the pressing procedural and administrative problems which had vexed the Division in 1938 were solved and the benefit routines were put in smooth working order. Under these circumstances, attention was given to the devising of a plan which would afford benefits for partial unemployment without disrupting the existing procedures and without requiring the establishment of two more or less unrelated benefit systems for total and for partial unemployment, respectively. Utilizing the results of previous studies, the relative merits and demerits of various plans for partial unemployment insurance were considered, with the result that a "day plan" was devised within the Division, was modified and approved by the Committee on Partial Unemployment in its final report (with the concurrence of the State Advisory Council), and was recommended to the Legislature by the Industrial Commissioner, together with a draft bill. The bill, introduced as Assembly Introductory Number 2390, Print Number 2894, was killed in the Rules Committee.

The present bulletin presents within a single cover the principal technical documents which have been used in the consideration of partial unemployment in New York State since the publication of the *Interim Report* in 1938.

The materials of the *Second Report* embody an analysis of the difficult administrative problems of 1938-39 in New York State under the unique and ill-fated "stop-order" system of benefit payment, now a matter of history. This story was pertinent to the recommendation for further delay in the extension of the system to include partial unemployment at that time. It now constitutes an interesting case study and record covering a closed chapter in the public administration of unemployment insurance in this country.

The materials of these studies are derived from various sources: (1) official statistics and direct observation of administrative procedures in New York State; (2) field observation in six selected States; (3) statistics and memoranda of the Social Security Board; (4) correspondence, forms, and procedures from many States; (5) correspondence, reports, and memoranda from

various organizations and individuals; (6) publications dealing with the experience of various foreign countries.

The field investigation in Connecticut, Maine, New Hampshire, North Carolina, Rhode Island, and Virginia was completed in the fall and winter of 1938-39.

The Bureau of Research and Statistics acknowledges the generous assistance of various persons and agencies. The Bureau of Employment Security and the Bureau of Research and Statistics of the Social Security Board afforded access to unpublished statistics and memoranda and freely offered the advice of their staff members. The descriptions of procedures in six selected States were based on interviews with directors, section heads, technicians, and local office personnel in these States. In particular, acknowledgment is expressed to Mr. Gordon P. Eager, *Administrator*, Unemployment Compensation Division of the New Hampshire Department of Labor; Major Frank P. Evans, *Chairman*, Unemployment Compensation Commission of Virginia; Mr. Clemens J. France, *Chairman* of the Rhode Island Unemployment Compensation Board; Mr. J. J. Graham, *Director*, Unemployment Compensation Administration, Connecticut; Mr. E. W. Price, *Executive Director*, North Carolina Unemployment Compensation Commission; Mr. Clifford A. Somerville, *Chairman*, Maine Unemployment Compensation Commission. Each of these men gave of his own time and offered the help of staff members, too numerous to mention by name, whose aid made these administrative studies possible.

The field observations and analysis of the experience of other States were done by Edna C. Macmahon and Harry Malisoff with the assistance of Carolyn Cahn at headquarters. From 1937 to 1939 the continuous work on the problem of partial unemployment within the Bureau of Research and Statistics was assigned to Karel F. Ficek, Associate Statistician with the Bureau's staff and more recently Chief of the Division's Planning Unit. Sections describing benefit experience in New York State in 1938 were prepared by George Mikelbank, formerly Junior Statistician and subsequently Assistant Supervisor of Unemployment Insurance Records in the Claims Bureau. The analysis of the experience in Germany in the payment of partial unemployment benefits was prepared by Erwin J. Rawicz, Ph.D., formerly head of the Department of Statistics and Research in the Federal Institution for Placement and Unemployment, Berlin, Germany (pp. 253-270). Individual sections summarizing experiences in other countries were written by Rachele Goldberg, Junior Economist, and the editorial work was under the supervision of Jeanette Hanlon, Research Editor, both members of the Bureau's staff.

MEREDITH B. GIVENS

Director of Research and Statistics

Division of Placement and Unemployment Insurance

January 1, 1941.

TERMS OF REFERENCE

Section 527 of Article 13 of the New York State Labor Law, as inserted by Chapter 468 of the Laws of 1935 and amended in 1937, 1938, and 1939 provides as follows:

Study of Partial Unemployment. The commissioner shall appoint a committee of not more than three persons who shall make a study of partial unemployment, in whatever form it may occur and shall make recommendations to the commissioner in respect to provision for the inclusion of benefits for partial unemployment under this article, and to compensate for loss of earnings resulting from such partial unemployment. The commissioner shall transmit the report and recommendations of the committee with his comments thereon and recommendations to the legislature, not later than the fifteenth of March, nineteen hundred forty.

The amendments of 1937 included the introduction of the following phrases in Section 527:

“ . . . in whatever form it may occur

and

“ . . . and to compensate for loss of earnings resulting from such partial unemployment.”

The amendment of 1939 substituted the words “fifteenth of March, nineteen hundred forty” for the words “first of February, nineteen hundred thirty-nine” in which the word “thirty-nine” had been substituted for the word “thirty-eight” by a 1938 amendment. The word “thirty-eight” had in turn been substituted for the word “thirty-seven” by a 1937 amendment.

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REPORT ON PARTIAL UNEMPLOYMENT, 1940
Letter of Transmittal and Recommendations of the Industrial
Commissioner

STATE OF NEW YORK
DEPARTMENT OF LABOR
ALBANY

New York Office, No. 80 Centre Street

New York, March 6, 1940

To to Legislature of the State of New York:

I have the honor to submit to your honorable bodies a report and recommendations prepared pursuant to Section 527, Article 18, of the Labor Law of the State of New York, which provides as follows:

“The commissioner shall appoint a committee of not more than three persons who shall make a study of partial unemployment, in whatever form it may occur and shall make recommendations to the commissioner in respect to provision for the inclusion of benefits for partial unemployment under this article, and to compensate for loss of earnings resulting from such partial unemployment. The commissioner shall transmit the report and recommendations of the committee with his comments thereon and recommendations to the legislature, not later than the fifteenth of March, nineteen hundred forty.”

In conformity with the provisions of the above section, a committee was appointed by the Industrial Commissioner in 1937, composed of Messrs. Herman A. Gray, Marion B. Folsom, and George Meany. Twice heretofore the Industrial Commissioner has been privileged to submit interim reports of the Committee. I am pleased to present herewith the Committee's final report and recommendations, and I join with the two members whose signatures are appended in their expression of regret at having had to forego, in the final phases of the Committee's work, the seasoned and thoughtful advice of the third member, Mr. George Meany, following his resignation on leaving New York State at the beginning of 1940. I wish to express my appreciation of the significant contribution which has been made by this Committee.

The present report represents the culmination of three years of study of an intricate and important problem on the part of the Committee and the staff of the Division of Placement and Unemployment Insurance. The fact that we have here the fruition of three years of assiduous attention should command the respect of the Legislature and of the Industrial Commissioner. Consideration of

this problem is now based on a wide accumulation of experience in other States of the Union and abroad, on hearings to which interested parties have contributed, and on careful reflection. The processes by which this report has been developed exemplify the value of dovetailing administrative experience with careful fact-finding in the progressive extension of this legislation into new areas of usefulness and activity.

The Committee investigated two possible approaches to partial unemployment insurance. One of these is based on the premise that compensation for unemployment should be proportionate to the net, gross, or differential loss of earnings occurring during a week, a month, or a calendar quarter. The other approach, stemming directly from the present Law, takes into account only the fact of involuntary unemployment in a designated period of time. The Law now measures unemployment in terms of weeks; the Committee on Partial Unemployment recommends that the Law be amended so as to make compensable unemployment measurable in units of days.

As stated in the last year's report, "a fully developed plan of unemployment insurance requires that the present system be rounded out by an extension of coverage designed to cope with the hazard of partial unemployment."¹ All parties agree that the time is ripe for this extension. The routines of prompt and accurate benefit payment are so far mastered that the reasons for delay which were previously advanced no longer exist. New York State is now in position to take the step which will place it in line with the great majority of the American States in this important aspect of the unemployment insurance program.

Agreement on broad objectives must of course be implemented by means of a plan which confronts the practical details of administration. In the development of details a specific program for legislation is often a result of a considerable measure of adjustment and compromise. The formulation of a plan for extending the unemployment insurance system to include partial unemployment has required such adjustment, as will be evident from examination of the Committee's report together with the dissent of the three labor members of the Advisory Council.²

On the basis of the information and experience at hand, it has become evident that a "day plan" for the payment of unemployment insurance offers distinct administrative advantages over other alternatives in providing compensation for partial as well as for total unemployment. It will provide a unified system with a single standard method for handling all claims. Further, it will make it unnecessary to follow the practice of a great majority of the states which requires reliance upon the immediate availability of current detailed individual earnings records for each week of unemployment.

¹ See pp. xiii-xiv.

² The report of the Committee reviewed the various plans for partial unemployment benefits. The labor members of the advisory council recommended that the report be modified by providing that any day in which a worker was employed for less than one half of his normal working time should be considered a day of total unemployment.

ment for every claimant, in addition to base-year earnings, as a condition precedent to the prompt payment of claims for partial unemployment compensation. Previous experience in the Department of Labor has demonstrated that the maintenance currently of reliable and accurate earnings records requires patient development over a considerable period of time. I believe it will be far easier to obtain from employers generally needed information on the days of employment afforded to individual employees than to obtain uniformly accurate and verifiable detailed earnings records. While it may be desirable to develop such a record-keeping program, it should not be the first step in the establishment of a system of partial unemployment compensation.

In the Committee's report emphasis is given to the need for simplicity in employer reporting in the administration of the Law. I can underscore the Committee's emphasis in this regard. I must point out, however, that in the administration of a Law which broadly sustains purchasing power in the State of New York and which extends protection to millions of wage-earners, we must in the future work out whatever administrative steps may be necessary in order to effectuate the objectives of the legislation. If experience and necessity require modification of employer-reporting procedures to this end, such modifications must be considered at the appropriate time.

In considering a plan of compensating for full days of unemployment, I must emphasize that the "less-than-a-day" problem may prove serious. This has been recognized by the Committee and emphasized by the minority report of the members of the Advisory Council. I am aware that there are industries and occupations in which this form of short-time work exists and may be extended. Experience only can show how important this type of unemployment may be. The only road to sound development of the unemployment insurance system and the progressive elimination of anomalies will be to proceed with an extension of our coverage which will, at the same time, extend our experience. I shall therefore direct the research organization of the Division of Placement and Unemployment Insurance to undertake a systematic concurrent study of the extent, distribution, and nature of unemployment in less-than-day units, if a "day plan" is adopted.

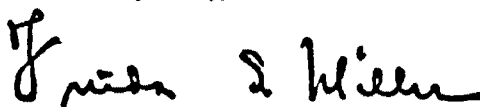
It is desirable that New York's plan to compensate for partial unemployment shall take a form which will not endanger the present satisfactory level of administrative efficiency and which will not be too cumbersome and too costly. In my opinion these criteria are most satisfactorily met by the "day plan."

With the above reservations and with complete commitment to careful concurrent appraisal, I join in the Committee's recommendation that the "day plan" be adopted in this state. A proposed draft of legislation, with necessary details, will be submitted by the Department through regular legislative channels.³ It is recom-

³ For text of bill as finally submitted, see pp. 29-33.

mended that the legislation become effective as of October 1, 1940 in order that it may be geared into the benefit payment system at a time when the payment of benefits is well past its seasonal peak and before we reach the high period of preparation for a new benefit year.

Respectfully,


Industrial Commissioner

REPORT ON PARTIAL UNEMPLOYMENT, 1939
Letter of Transmittal and Recommendations of the Industrial
Commissioner

STATE OF NEW YORK
DEPARTMENT OF LABOR
ALBANY

New York Office, No. 80 Centre Street

New York, February 1, 1939

To the Legislature of the State of New York:

I have the honor to submit herewith the *Second Report of the Industrial Commissioner*⁴ dealing with the subject of Partial Unemployment, comprising (1) the report and recommendation of the Committee on Partial Unemployment appointed in compliance with Section 527, Article 18, of the Labor Law of the State of New York and (2) an administrative study of partial and total unemployment benefits prepared by the Bureau of Research and Statistics of the Division of Placement and Unemployment Insurance of the Department of Labor.

The recommendations of the Committee on Partial Unemployment represent their own considered judgment in the light of the present situation.⁵ The Technical Report of the Bureau of Research and Statistics is an independent document for which the Department of Labor and the Division of Placement and Unemployment Insurance are fully responsible.

There is no doubt in my mind that a fully developed plan of unemployment insurance requires that the present system be rounded out by an extension of coverage designed to cope with the hazard of partial unemployment. The validity of this principle is fully recognized by Article 18 of the Labor Law which includes provision for the present study and recommendation. It was also recognized a year ago when the Industrial Commissioner, in submitting his *Interim Report on Partial Unemployment*⁶ recommended that "no payments for partial unemployment in New York State be made this year, but that authority be provided to begin such payments under an appropriate plan as soon as feasible after April 1, 1939."

It is clear to me, however, that the time is not opportune this year for this needed extension of coverage. The Division of Place-

⁴ For text of Report, see pp. 37 ff.

⁵ In their brief report, the Council stated that the problem of partial unemployment coverage was not yet ripe for definitive solution.

⁶ New York State Department of Labor, Division of Placement and Unemployment Insurance, *Special Bulletin No. 2*, February 1, 1938.

ment and Unemployment Insurance concludes its first complete benefit year on March 31, and new benefit payment routines are to be put into immediate effect with the opening of the new benefit year on April 1, 1939. It is essential that the new organization of the Division of Placement and Unemployment Insurance be given an opportunity to master its present responsibilities before additional obligations are placed on its shoulders. The tasks of partial unemployment benefit payment can appropriately be assumed when procedures for total unemployment benefits have been tested and found adequate.

As your honorable bodies are aware, the administration of total unemployment benefits has encountered serious difficulties during the first year of benefit payment. The roots of these difficulties are set forth and analyzed in the Technical Report submitted herewith.¹ Upon examination of this Report, you will be able to judge what relative weight should be assigned to each one of the three fundamental factors, viz., the load of benefit claims which exceeded original estimates, shortcomings in the initial organization of the administration, and the utilization of inadequate and cumbersome methods of benefit payment during 1938. It is true that the fundamental sources of these operating difficulties have now been recognized and are being eliminated, but this process of reorganization and readjustment is just now getting under way. It is urgently necessary that this reorganization be speeded up and the new routines soundly established so that the administrative system will be prepared to meet new tests of expanded coverage.

I, therefore, concur in the recommendation of the Committee that Section 527 of Article 18 of the New York Labor Law be amended to postpone the due date of a final report on partial unemployment until March 15, 1940.

Respectfully,


Industrial Commissioner

¹ For text of this Report, see pp. 37 &.

PART I. PARTIAL UNEMPLOYMENT, 1940
TECHNICAL MEMORANDUM

PART I

PARTIAL UNEMPLOYMENT, 1940

Technical Memorandum: An Examination of Alternative Plans

A. INTRODUCTION

An *Interim Report on Partial Unemployment*¹ was presented to the Legislature on February 1, 1938, in compliance with statutory requirements. In this Report the Industrial Commissioner and the Committee on Partial Unemployment concurred, recommending postponement of positive action on this subject. The recommendation was supported by a technical study, largely of a statistical nature, prepared by the Bureau of Research and Statistics of the Division of Placement and Unemployment Insurance.

The *Second Report on Partial Unemployment*,² transmitted to the Legislature one year later by the Industrial Commissioner, again counselled delay for administrative reasons, but urged further investigation of the problem in the hope of definitive action in 1940. The Report proposed further study of the following phases of the subject:

- (1) Specific plans for partial unemployment insurance legislation
- (2) Analysis and evaluation of administrative techniques in other States, and
- (3) Further estimate of the cost of partial unemployment insurance.

Statistical material for the study of costs in benefits was collected and analyzed. As in the case of the preliminary studies,³ this material is based on payroll information filed with the Division by various employers during the calendar year 1936. Precise estimate of expected costs was not feasible during 1939 for the following reasons: (1) Basic statistical material was not available and could be obtained only by means of extensive field research for which resources were not available; and (2) the cost of partial unemployment benefits would not in any case exceed the margin of resources immediately available.⁴

The outlook on the question of partial unemployment protection has been substantially modified in consequence of the revised benefit-rate formula in New York State. While total unemployment was compensated in proportion to the loss of full-time earnings, the

¹ New York State Department of Labor, Division of Placement and Unemployment Insurance, *Special Bulletin No. 2*, February 1, 1938.

² See pp. 37 ff.

³ New York State Department of Labor, *op. cit.*, pp. 36-37.

⁴ Benefit payment liabilities for the year 1938-1939 totaled \$92,000,000.00. For 1938-1940 the cost is estimated at \$75,000,000.00. This may be contrasted with \$120,000,000.00, the estimated amount of contributions for 1939.

measurement of losses occasioned by partial unemployment was closely allied to the full-time weekly wage concept. The present formula, however, provides only a rough relationship between benefits and prior earnings.

Three principal types of partial unemployment insurance have called for consideration:

- (1) A tabular system of benefit rates for partial unemployment based on total unemployment benefit rates and actual weekly earnings (the weekly "loss-of-earnings" plan),
- (2) A tabular system of compensation, at multiples of total unemployment benefit rates, based on monthly earnings (the monthly "loss-of-earnings" plan), and
- (3) Substitution of a day unit for the week which is the present time unit for measurement of employment loss (the "day-base" plan).

The first alternative has the advantage that payment is made promptly at the end of each week of low earnings. It has the disadvantage that a low-earnings report must be obtained from the employer each week and that the amount of the benefit check varies from week to week.

The second alternative would follow in essence though not in details the approach of the 1938 New York State Employers' Conference proposal.⁵ That proposal suggested a table in which quarterly earnings would be juxtaposed with total unemployment benefit rates in such manner that the benefit payment, in the form of number of regular-size checks, could be determined upon inspection. While the use of quarterly earnings is not advisable due to the time lag involved and also because of the factor of compensation of weeks of partial unemployment by weeks of full employment and the resulting loss of benefit rights, a modification of this proposal on a monthly basis is well worth scrutiny. Michigan has been operating along similar lines, although the "full-size check" feature has been lacking there, computations being made to the last cent of the difference between actual monthly earnings and five times the regular benefit rate. This system has the advantage that checks paid for partial unemployment are identical in amount with checks for total unemployment. The disadvantage to the claimant is that payment is made from one to four weeks after the occurrence of partial unemployment.

The third alternative would eliminate partial unemployment as a separate administrative problem by merging it into a single basic plan of compensation for unemployment in units of days. The Law would be amended to substitute a twenty-one-day waiting period for the three-week waiting period and a daily benefit rate for the weekly benefit rate. Claimants could report weekly and indicate the number of days they had lost through unemployment. Compensation at daily rates does not require daily reporting to

⁵ Cf. p. 84 and pp. 220-227.

local employment offices, although reporting more often than once a week may be found desirable on other grounds. The statute could direct that unemployment would not be compensable unless six compensable days were accumulated, payment being made then by a check of exactly the same amount as the present weekly benefit rate. No low-earnings reports from employers would be needed. Policing of claims could be done by means of spot-check requests to employers following the regular despatch of notice to employer at the beginning of each spell of unemployment. A "day plan" of compensation is utilized in the unemployment compensation scheme under the jurisdiction of the Federal Railroad Retirement Board, but it must be noted that the conditions in the railroad industry are not comparable to the diversity of conditions confronted under a general State law. A "day plan" has the disadvantage, to the claimant, of the loss of compensation for days of less than full-time employment; it would offer, however, the advantages of prompt payment, full-size checks, and standardized ledger procedure.

These several plans are considered in further detail in the following sections of this memorandum.

B. WEEKLY "LOSS-OF-EARNINGS" PLAN

Most American laws provide for a weekly determination of the partial unemployment benefit rate and the issuance of weekly payments. A tabular formula covering this provision could be written into the New York State Law. The administration of the formula requires (a) the receipt of weekly earnings information from the employer and (b) the writing of irregular-size checks at the central office, i.e., checks of amounts other than those at the regular benefit rate.

1. BENEFIT-RATE FORMULA

Two factors enter into the determination of the amount of compensation payable for each week of partial unemployment: (a) the regular total unemployment benefit rate (as stated in Section 505 of the New York Law) and (b) earnings actually received by the claimant in the week for which compensation is desired.

The liberality of the formula depends on whether the Law provides a "premium" to encourage partial unemployment. It has been argued that a premium is not defensible on the grounds of good social policy in the case of partial unemployment (underemployment on a regularly full-time job) but that a premium or an equivalent device may be recommended to deal with cases of part-total unemployment (underemployment in a period following the loss of a full-time job).¹ The question of part-total unemployment is discussed in the final section of this chapter.

With reference to partial unemployment, equitable compensation presupposes that (a) the applicant has been employed and is still employed by a covered employer and that (b) the applicant proves that in a particular week he has earned less than his statutory benefit rate for total unemployment.

Under these conditions, a clause similar to the following would achieve the intent of a weekly benefit determination plan:

Amount of Partial Unemployment Benefits—Benefits shall be payable to an employee on account of partial unemployment after the specified waiting period at his total unemployment benefit rate less the amount set forth in column "B" following on the same horizontal line on which in column "A" there appears the amount of wages received by the employee in the week for which payment is to be made from an employer:

¹ New York State Department of Labor, Division of Placement and Unemployment Insurance, *Interim Report on Partial Unemployment*, pp. 5, 10.

"A"	"B"
Wages received in week of partial unemployment	Deduction from total unemployment benefit rate
Under \$.51	None
\$.51 to \$ 1.50	\$ 1.00
\$ 1.51 to \$ 2.50	\$ 2.00
\$ 2.51 to \$ 3.50	\$ 3.00
\$ 3.51 to \$ 4.50	\$ 4.00
\$ 4.51 to \$ 5.50	\$ 5.00
\$ 5.51 to \$ 6.50	\$ 6.00
\$ 6.51 to \$ 7.50	\$ 7.00
\$ 7.51 to \$ 8.50	\$ 8.00
\$ 8.51 to \$ 9.50	\$ 9.00
\$ 9.51 to \$10.50	\$10.00
\$10.51 to \$11.50	\$11.00
\$11.51 to \$12.50	\$12.00
\$12.51 to \$13.50	\$13.00
\$13.51 to \$14.50	\$14.00
Over \$14.50	\$15.00

The tabular provision shown in the preceding paragraph is based on strict mathematical relationships and does not allow on the average any premium for partial unemployment, although some workers will receive a slight premium (up to fifty cents) while others may suffer a slight "discount." (A worker whose total unemployment benefit rate is \$15.00 and who earned \$10.50 will be entitled to a partial unemployment benefit check for \$5.00; this involves a premium of fifty cents. If he had earned \$10.51 he would have been entitled to a partial benefit payment of only \$4.00—a discount of forty-nine cents from the exact difference between his partial unemployment earnings and his total unemployment benefit rate.)

2. WAITING-PERIOD REQUIREMENTS

Most American laws followed the draft bills of the Social Security Board in setting up a two-for-one ratio between weeks of partial and weeks of total unemployment. This led to various administrative difficulties. The *Interim Report on Partial Unemployment* questioned the usefulness of a waiting period for partial unemployment benefits.¹ States which failed to provide such waiting period (notably Louisiana) found themselves in difficulties but this was due to an improper definition of partial unemployment. (An employee was discharged; found an odd job such as mowing a neighbor's lawn; this part-total unemployment was regarded as partial unemployment under the original Louisiana statute and the employee received benefits immediately instead of waiting the four weeks required for total unemployment benefits.)

A three-week waiting period for total unemployment benefits is now provided under the present Law in New York State. A parallel provision for a separate waiting period for partial unem-

¹ New York State Department of Labor, Division of Placement and Unemployment Insurance, *Special Bulletin No. 2*, February 1, 1939, pp. 13-15.

ployment benefits would probably meet with general approval. This could be achieved by a section in the Law similar to the following:

Waiting Period. 1. No employee shall be entitled to total unemployment benefits until he has suffered total unemployment for a period of three full weeks after giving notice of his unemployment. Such three full weeks of total unemployment need not be consecutive but may be accumulated within any one benefit year.

2. No employee shall be entitled to partial unemployment benefits until he has suffered partial unemployment for a period of three full weeks. Such three full weeks of partial unemployment need not be consecutive but may be accumulated within any one benefit year. Notice of partial unemployment must be given by the employee not later than two weeks after the occurrence of such partial unemployment.

It will be noted that, whereas total unemployment is a substantive fact known to the worker at the moment of separation, statutory partial unemployment is an inferential condition which cannot be verified until a full week of work has elapsed and wages earned in such a week paid. For this reason, notification cannot precede the establishment of waiting-period credits for benefits for partial unemployment. The two-week period as suggested above should be ample for the purpose of obtaining a wage voucher and presenting this evidence to the local office.

3. DURATION OF BENEFITS

As a consequence of partial unemployment coverage, the Law would contain a section somewhat as follows:

Limitation of Amount of Benefits. The total amount of benefits to which an employee shall be entitled in any benefit year shall not exceed the equivalent of thirteen times his weekly benefit rate for total unemployment.

4. LOW-EARNINGS REPORTS

The major administrative difficulty encountered in States paying benefits for partial unemployment centered on the prompt submission of low-wage reports by employers. Three methods of reporting have been in use: (a) to the central office (automatic or on request), (b) to the local office (on request), and (c) through the agency of the employee (wage vouchers or claims).

Automatic reporting (as in North Carolina) implies that the employer assume responsibility for the diligent pursuit of the employee's rights. A claim is filed for the worker whenever his weekly earnings drop below a certain limit. The worker need not signify his willingness to receive partial unemployment benefits. This may in the end prove to be prejudicial to the employee. In Rhode Island some employees have learned deliberately to forego claims for partial unemployment benefits, knowing that partial unemployment benefit payments reduced their potential benefit balance leaving them little to get along on during a subsequent period of total unemployment.

Mass partial unemployment procedures go hand in hand with administration of payments through "spot points" established on the employer's premises. This method is more suitable to rural communities interspersed with isolated industrial centers than to a densely populated jurisdiction such as New York State.

Reporting to the central office on request has not been found practicable in large industrial jurisdictions. It is conditioned by the necessity of maintaining complicated tickler files. Claims arriving at the central office must be sorted (a) by employer number which must be supplied from an alphabetic master file and (b) by social security number (subsort). Requests for low-earnings reports must be mailed out. Each must be stamped with the appropriate employer number. Claims must be held in tickler files which indicate the date of receipt of the claim. Reports received from employers must be subsorted by social security number, batched, and sorted by employer number. Claims held in the tickler file must then be matched and interfiled with low-wage reports. Delinquency notice or tracers must be mailed to employers who failed to send the desired report within a specified period. If no report is forthcoming in response to a tracer, the item must be referred for collection to a payroll examiner. The claim must in the meanwhile be held in evidence so that a reminder may be sent to a payroll examiner who may have failed to send in his report promptly.

The system as outlined above is bound to be unwieldy to handle. Sorting and matching operations increase in complexity and cost in geometric proportion to their size. Moreover, when prompt timing is not obtained, tracers will be received from local offices. These will have to be coded by employer number and checked against the tickler file. If no claim is found in the file, further search and correspondence with the local office will add to the scope of operations.

Reporting by the employer to the local office is much more flexible than reporting to the central office. The basic operations (tickler file, matching, etc.) are the same but the coding of claims by employer number may be eliminated and the partially unemployed worker himself may become the enforcement agent in cases of employer delinquency. Some questions of policy emerge, however. Is it desirable to entrust the enforcement of insurance regulations concerning employers to offices which rely on the good will of employers for the furtherance of the placement function? Is it proper to impose on the applicant the duty of following up an inquiry addressed by the local office to his employer if his employer is manifesting negligence or wilful disregard of his reporting obligations? If not, should a staff of payroll examiners or other field workers be attached to each local office for the purpose of enforcing employer compliance?

In some States, the employer is directed to certify to "low wages" on a form which is in itself a partial unemployment claim form. This simplifies operations considerably. This form may be given by the employer to the employee. When presented at the

local office, the form is signed by the applicant and forwarded to the central office. The claim and the wage record are thus indissolubly matched and may be processed immediately upon receipt.

Under this system, regulations must be issued to employers making it obligatory on their part to deliver a signed form to employees who (a) worked in the preceding week on a short-time schedule and (b) failed to earn a certain minimum (\$15.00). The employer cannot, of course, be expected to know and to keep track of the total unemployment benefit rate applicable to each one of his employees. This means that he has to issue more low-wages reports than are ultimately needed.

This operation is selective rather than automatic but it occurs only during periods of slack production when presumably the additional bookkeeping load is easiest to carry. After a basic determination of benefit rights has been issued to the partially unemployed applicants, the demand for employer certificates is limited to those which fall within the compensable range. Even so, this special certificate procedure must be an unnecessary burden to employers who use checks or pay envelopes currently for all their employees and note their weekly earnings on them in a form readily acceptable to the unemployment compensation agency.

Some States use the "wage voucher" (check stub or payroll envelope) exclusively. This system presupposes that a State Law or regulation requires the issuance of such evidences of payment by employers at the end of each payroll period. (Under the old-age provisions of the Social Security Act as amended in 1939, statements of wages and deductions must be given to employees, but the timing has not been confined to a single payroll period.) If a statutory definition of partial unemployment involves specifically a loss of a certain percentage of working time as well as of earnings, the wage voucher must contain a statement of "normal working hours" and of the hours actually worked. This still leaves a loophole, as compared with the specific wording of a joint-claim-and-earnings-certificate form, inasmuch as the reason for a deficiency in hours and earnings cannot conveniently be stated on a universal wage voucher. The reason might be—aside from lack of work—illness or voluntary absence.

It would seem that in New York State the best solution for the wage reporting problem under the weekly compensation method would lie in a combination of the joint-claim-and-certificate form with the wage voucher. Employers who regularly issue wage vouchers to their employees should not be required to undertake an additional special reporting job. They should, of course, be notified at the beginning of each employee's spell of partial unemployment. Employers who do not use wage vouchers or whose wage vouchers are not satisfactory for the purpose in hand, should be directed by regulation to issue joint-claim-and-certificate forms to employees who in a week of short-schedule employment on a regularly full-time job failed to earn as much as \$15.00.

5. ADMINISTRATIVE PROCEDURES

In the case of partial unemployment, the "original claim" is essentially a request for a transcript of the wage record in the central office and for the setting up of a ledger in the central office. In some States an unnecessary complication arises if the central office is given the additional task of determining the applicant's status under the waiting-period provision by computing the "eligibility" of the claimant on the basis of the reported low-week's earnings. (For example, if the earnings were more than one-half of the total unemployment benefit rate, the claimant is adjudged "ineligible" and no ledger is prepared. This means that another initial claim must be filed after the next week of statutory partial unemployment in order to satisfy procedural requirements.) For all practical purposes, the original claim for partial unemployment benefits is meant to achieve the same object as an original claim for total unemployment benefits. Both may be handled in the same manner and the same form may be used. Operating purposes do not even demand that a notation identifying the claim as one for partial unemployment be made on the claim form.

Continued claims for partial unemployment benefits fall into two categories—waiting-period claims and compensable claims. In accordance with the nature of partial unemployment, a continued claim must accompany each original claim for partial unemployment benefits. Since the eligibility of the claimant is unknown when the first waiting-period credit is claimed, the joint-claim-and-certificate form or the wage voucher must be held at the local office handling the issuance of the initial determination. Thereafter the joint forms covering waiting-period weeks may be discarded (after a notation on the local office ledger or claim record card) while the wage vouchers may be returned to the claimants and remain in their permanent possession.

In the interests of efficiency, it is desirable not to forward low-wage reports from the local offices to the central office. There is no administrative need to check local office authorizations at the central office with respect to partial unemployment benefits in view of the fact that no routine check exists on total unemployment benefit authorizations which are of greater importance. The pay order for partial unemployment benefit could, therefore, consist of the same form as the pay order for total unemployment benefit. If the copy of the ledger is used for the first pay order in the series and the check stub for the second and subsequent pay orders, these forms can serve both types of payment by providing three computation lines on each:

- (1) Total unemployment benefit rate,
- (2) Deduction (partial unemployment), and
- (3) Amount of benefits due (1 minus 2).

With proper safeguards with respect to the joint-claim-and-certificate form and the wage voucher, local office operations should

be as easy and almost as speedy in the case of benefit claims for partial as for total unemployment.

The addressograph system of benefit-check preparation is not as flexible as other systems. Its advantages lie in the maintenance of a stable matrix of data which need not be checked every time a payment is made. Assuming that New York State continues to use the addressograph system, special treatment will have to be provided for partial unemployment benefit payments if the weekly method of determination is decided upon. It may be practicable to change amount inserts in plates each week. If not, partial unemployment benefit checks may be written by other types of machinery. If there is found to be much interchange between these two types of unemployment, special problems may arise which may in the end lead to the adoption of a flexible system of writing checks for all kinds of benefit payments.

It is assumed that the low-wage certificate will not be forwarded to the central office. The relevance of the pre-audit clause of the Constitution with respect to this problem has not been investigated. It is possible that such evidence of wages paid may have to be presented to the Comptroller when payments are authorized. This could be done either by attaching the joint forms and wage vouchers to the pay orders or by confining the partial unemployment benefit pay order to the joint-claim-certificate form itself. (An attested transcript of a wage voucher could be made on this form by the local office.) Under these circumstances the check-stub form of pay order could not be used. The scope of clerical checking operations would be enlarged all along the flow of operations.

The thorniest practical problem, however, would arise in connection with the maintenance of the central office ledger. A thirteen-line ledger would not suffice (as at present) since the potential benefit amount (from \$91.00 to \$195.00) could be drawn in individual payments as low as \$1.00. The maximum possible number of payments would be 49 (one for each week in the year, less the three weeks constituting the waiting period; it is conceivable, however, that claimants continuously unemployed at the beginning of a benefit year might be entitled to 52 payments in accordance with the second paragraph of Section 504, Subdivision 1). Such long-term partial unemployment would occur only rarely; but its volume might be considerable in a depression year following upon a year of full employment. At any rate, a ledger of considerable length—some thirty lines or more—would have to be used for the bulk of claimants while an "overflow" ledger would have to be provided for some. This involves an increase in the size of the form used which would make the present equipment (steel files, etc.) obsolete.

The bookkeeping problem would gain in complexity. Local offices would presumably have to carry a current balance in dollars in their claim record cards so as to be able to advise claimants and to adjust the size of final payments. Similarly, the central

office would have to maintain a current balance on each benefit ledger in order to prevent the overdrawing of benefit rights. Under these conditions, hand posting might prove impracticable, and bookkeeping machines might have to be introduced. This, however, could be done economically only if the ledger-posting function were combined (in one operation) with the check-writing function.

6. PART-TOTAL UNEMPLOYMENT

Employer reporting of low wages in periods of partial unemployment may be generally enforced by the Commissioner because all such employers are regularly subject to *all* provisions of the Unemployment Insurance Law. *Part-total* unemployment, however, is different. This occurs after an employee has lost his regular job. Such an employee must register as a totally unemployed worker at the beginning of his spell of unemployment. If thereafter he manages to find casual or odd-job or part-time employment, he should report it to the local office but he should not be required to substantiate his earnings by written evidence which in some cases may not be obtainable. The first three dollars of such earnings should be disregarded before a computation of the amount due is made. A section in the Law tending to accomplish this purpose would read as follows:

Benefits shall be payable to an employee on account of total unemployment after the specified waiting period at the regular total unemployment benefit rate less the amount set forth in column "B" following on the same horizontal line on which in column "A" there appear wages paid to the employee in return for odd-job, casual, incidental, or part-time employment in the week for which benefits are claimed.

"A"	"B"
Earnings received in week of part-total unemployment	Deduction from total unemployment benefit rate
\$ 3.00 or less	None
\$ 3.01 to \$ 4.00	\$ 1.00
\$ 4.01 to \$ 5.00	\$ 2.00
\$ 5.01 to \$ 6.00	\$ 3.00
\$ 6.01 to \$ 7.00	\$ 4.00
\$ 7.01 to \$ 8.00	\$ 5.00
\$ 8.01 to \$ 9.00	\$ 6.00
\$ 9.01 to \$10.00	\$ 7.00
\$10.01 to \$11.00	\$ 8.00
\$11.01 to \$12.00	\$ 9.00
\$12.01 to \$13.00	\$10.00
\$13.01 to \$14.00	\$11.00
\$14.01 to \$15.00	\$12.00
\$15.01 to \$16.00	\$13.00
\$16.01 to \$17.00	\$14.00
\$17.01 and over	\$15.00

The differentiation between total, partial, and part-total unemployment is easier than it might seem. At the local office (where the differentiation is made) all that is necessary is a notation on the claim-record card showing whether the employee was laid off from a full-time job or remained working (though on a short

schedule) when he filed an initial claim for a spell of unemployment. An employee who was laid off may be treated as one type of case regardless of his earnings record in subsequent weeks of unemployment. When making his visit to the local office, he should be asked what his earnings were in the preceding week. The table on page 13 would then apply in all such cases whether there was total or part-total unemployment. An employee who was not laid off, however, and who continues working for his regular employer, would be expected to bring a written evidence of low earnings with him on each reporting date. This fact would plainly earmark him as a partially unemployed worker, and a different table (as shown on page 7) would apply to his case.

In line with the adoption of compensation for part-total unemployment it would be necessary to have a section in the Law similar to the following:

Where an employee's compensation for employment or employments, including employments not subject to this article, does not in the aggregate exceed his total unemployment benefit rate for a period of seven consecutive calendar days, such employment or employments and the compensation therefor shall be disregarded in determining whether there is "total unemployment" with respect to such employee in connection with the administration of waiting-period provisions of this article.

Such a section would make it possible to count weeks of part-total unemployment for waiting-period purposes.

It should perhaps be noted that the word "part-total" would not appear in the text of the Law as amended. A distinction would be drawn merely between "total unemployment" and "partial unemployment." Deductions on account of actual earnings would be stated in both cases. The same table could be used for both sets of benefit rates (although this is not defensible on grounds of policy). The only fundamental difference between total and partial unemployment compensation would rest in the definition of the notification process. Notice of total unemployment must be given *prior* to a spell of total (or part-total) unemployment; notice of partial unemployment may be given two weeks *after* the end of a week of such unemployment.

C. MONTHLY "LOSS-OF-EARNINGS" PLAN

No State agency appears to be quite satisfied with its achievements in the partial unemployment insurance field. Only two States, however, have attempted to depart from the weekly principle (1940). West Virginia adopted a "quarterly plan" which was devised by the New York State Employers' Conference. Michigan developed a "monthly" plan.

Under the Michigan plan, compensation was payable at the rate of the difference between monthly earnings and five times the weekly total unemployment benefit rate. The "month" was defined either as a calendar month or as a composite of the worker's pay periods roughly equivalent to one month's duration. Employees paid on a weekly basis could claim partial unemployment compensation for a period of four weeks. No waiting period was required while a two-week waiting period for total unemployment was the rule.

The advantages to partially unemployed claimants (as compared with totally unemployed claimants) were obvious enough to invite manipulations and abuses. Consider the case of a claimant who was totally unemployed for four weeks at the beginning of his benefit year. If his weekly total unemployment benefit rate was \$15.00, he was entitled to receive \$30.00 for the period as a whole. If, however, he filed a partial unemployment claim stating that he earned \$1.00 during this period, he was entitled to receive \$74.00. Moreover, the claimant could (and many of them did)-file a claim for total unemployment benefits, collect \$15.00 for the third week (subsequent to the two waiting-period weeks), acknowledge earnings of \$1.00 in the fourth week, file a claim for partial unemployment benefits, and collect \$59.00. This meant that many claimants claimed both total and partial unemployment benefits for the same period of unemployment.

The State of Michigan finally adopted a legislative amendment designed to rectify the situation. After August 15, 1939, partial unemployment compensation may not be claimed for periods covered by a previous total unemployment benefit claim (regardless of whether the previous claim was allowed or disallowed). A waiting-period equivalent (at total unemployment benefit rates) is deducted from the difference between monthly earnings and five times the total unemployment benefit rate before payment is made. Qualifying wages must be shown for each week in the first three weeks of the period for which partial unemployment compensation was claimed. (A week of no earnings, other than the final week, must be taken care of in connection with *total* unemployment compensation.) In addition, *weekly* benefits for partial unemployment are provided for claimants whose periods of partial unemployment are not solid enough to come under the monthly plan as amended.

The Michigan experiment, instead of simplifying administration of partial unemployment insurance, resulted, in the end, in a sys-

tem combining the weekly with the monthly payment feature and leading to complicated computations at the local office. This combination may not have been necessary. It seems imperative, however, that the program should provide (a) a benefit formula equalizing rights of totally unemployed workers with those of partially unemployed workers, (b) waiting-period provisions, and (c) proper offsets for periods of total unemployment occurring within a period for which partial unemployment compensation is claimed.

1. BENEFIT FORMULA

The purpose of the monthly plan is to translate significant partial unemployment into total unemployment equivalents. The basic formula designed to achieve this end states that

$$N = X - k \cdot \frac{E}{B} - U - W$$

Wherein

N equals the number of full-size benefit checks payable (full-size means total unemployment benefit rate)

X equals the compensable period equivalent of the claim period, measured in weeks

E equals earnings received in the compensable period (month)

B equals weekly total unemployment benefit rate

U equals number of total unemployment benefit checks received during the compensable period

W equals number of *unserved* waiting weeks falling within the compensable period

k equals constant modifying the *liberality* of the benefit formula.

A variation of this formula was used in Michigan up to August 15, 1939.

$$N = 5 - \frac{E}{B}$$

(For example: monthly earnings, \$62.50; total unemployment benefit rate, \$15.00; $N = 5 - 4.1667 = .8333$ benefit payment. $N.B. = .8333 \times \$15.00 = \12.50 .)

Since August 15, 1939, the Michigan formula reads as follows:

$$N = 5 - \frac{E}{B} - W$$

It is to be noted that Michigan accepted five as the number of weekly periods equivalent to one month, and that no modification was attempted in measuring the relationship between E and B (in Michigan $k = 1$). This approach may be contrasted with the New York State Employers' Conference formula in 1938

$$N_{(\text{integer})} = 13.49 - \frac{2}{3} \cdot \frac{E}{B} - U - 3$$

which was constructed on a quarterly rather than a monthly basis. This formula took 13 as the number of weeks in the calendar quarter but liberalized the ratio of quarterly earnings to weekly benefit rate by the two-thirds factor. This formula, however, was vitiated by the allocation of a fixed three-week waiting period to each calendar quarter (regardless of the number of waiting weeks actually served).

If all claimants were employed on a *weekly* basis, the formula would properly read:

$$N = 4 - \frac{E}{B} - U - W;$$

if all were employed on a *monthly* basis, the formula (taking 4.3 as the average number of weeks per month) would show:

$$N = 4.3 - \frac{E}{B} - U - W.$$

It is probable that, on the average, a factor such as 4.1 or 4.2 could be taken without jeopardizing the rights of too many individuals. Partial unemployment, however, is more apt to affect workers paid by the week than those paid by the month; and the necessary adjustment can be undertaken more flexibly in the modifying constant k . This constant compensates for the offsetting factor of periods of full employment alternating with periods of underemployment within the confines of the total compensable span (one month). It is suggested that the New York State Employers' Conference approach ($k = 2$) be followed.

3

Accordingly, the benefit formula may be taken as:

$$N_{\text{(integer)}} = 4.49 - \frac{2}{3} \cdot \frac{E}{B} - U - W$$

The quantity .49 is added to the number of weeks in the month (4) because it is desired to round off the compensable amount to a multiple of the total unemployment benefit rate.

Example: The claimant's benefit rate is \$15.00. He earned \$40.00 in a month. In this monthly period he did not receive benefits for total unemployment. He had not previously served a waiting period.

$$N_{\text{(integer)}} = 4.49 - \frac{2}{3} \cdot \frac{\$40.00}{\$15.00} - 0 - 3 = 3 - 3 = 0$$

The claimant is not entitled to receive payment, but his month of partial unemployment is to be taken in lieu of the statutory three-week waiting period. Had this claimant previously served his waiting period, he would be entitled to receive three checks for \$15 each or a multi-week check for \$45.

The monthly plan would be effectuated in legislation by some such formula as the following:

Partial unemployment. An employee shall be deemed partially unemployed if due to lack of suitable available employment, his remuneration in the course of four consecutive weeks, or two consecutive semi-monthly payroll periods, or one calendar month, including remuneration for employment not subject to this article, is less than the amount appearing in column 1 on the line on which in column A there is indicated the employee's weekly total unemployment benefit rate. A partially unemployed employee shall receive, upon application made not later than two weeks after the end of the period for which benefits are payable, benefits corresponding to a multiple of his weekly total unemployment benefit rate as indicated in row A in the column heading under which there is noted the lowest amount which exceeds the employee's actual remuneration in the period for which benefits are claimed; provided, however, that this multiple shall be decreased by the number of weeks which remain unserved by the employee on account of his statutory waiting period in the benefit year in which benefits are sought, such decrease being deemed equivalent to the actual serving of the waiting period; and provided that this multiple shall be decreased by the number of weekly benefit payments, at weekly total unemployment rates, which may have been received by the employee, previously to the filing of a claim for partial unemployment benefits, for any weeks of total unemployment occurring within the period for which partial unemployment benefits are determined to be payable:

Row "A"	Multiple of weekly total unemployment benefit amount			
	1	2	3	4
Column "A"	Actual remuneration in compensable period			
Total unemployment weekly benefit rate	(Four weeks, two semi-months, or one month)			
\$15	\$90.00	\$67.50	\$45.00	\$22.50
14	84.00	63.00	42.00	21.00
13	78.00	58.50	39.00	19.50
12	72.00	54.00	36.00	18.00
11	66.00	49.50	33.00	16.50
10	60.00	45.00	30.00	15.00
9	54.00	40.50	27.00	13.50
8	48.00	36.00	24.00	12.00
7	42.00	31.50	21.00	10.50

The above formula would prevent the emergence of anomalies such as troubled the Michigan administration in the first half of 1939. No partial unemployment insurance claimant could receive more in benefits than a totally unemployed claimant entitled to the same basic benefit rate. At the same time, the incentive to seek and accept jobs would be powerfully stimulated. A claimant who was totally unemployed for three weeks and then employed in one week would receive compensation at full rates (four benefit checks) for the whole four-week period, provided only that the remuneration in the fourth week fell short of seventy-five per cent of twice his total unemployment benefit rate.

2. ADMINISTRATIVE PROCEDURES

Claimants would be required to present evidence of actual earnings as under the weekly payment plan. Claimants who were work-

ing for an employer not subject to the Unemployment Insurance Law would be required merely to certify as to the amount of remuneration received. The validating clerk would note (a) the regular benefit rate as shown on the local office ledger (numerical index card) and (b) total of actual earnings. He would then determine the number of benefit checks due from the statutory table. The applicant would sign a continued claim (pay order) on the multiple-week claim form now in use.

No change from present procedure would be necessary. A continued claim for partial unemployment benefits would be processed in the same manner as any other multi-week claim. The thirteen-line benefit ledger would remain in use in the Department of Audit and Control and would be hand-posted as at the present time.

3. PART-TOTAL UNEMPLOYMENT

No special statutory provision to meet the problem of part-total unemployment is possible when the monthly plan of partial unemployment compensation is the rule. This is due to the fact that the monthly plan itself involves a premium (in the formula described above the premium varies and may attain as much as 100 per cent of one week's benefit rate—or 25 per cent per week in the four-week period) over the simple difference between earnings from partial employment and the total unemployment benefit rate. This premium is necessary. Its purpose is to offset the compensating effect of weeks of full employment juxtaposed to weeks of total unemployment. (A worker who earned, in four successive weeks, \$30.00, \$7.50, \$30.00, and \$7.50 and whose weekly benefit rate was \$15.00, would receive \$15.00 in partial unemployment benefits under the weekly plan *without a premium* and \$15.00 under the proposed monthly plan *containing a premium*. Had he earned \$30.00, \$5.00, \$30.00, and \$2.00 he would have received in benefits \$23.00 under the weekly plan and \$30.00 under the monthly plan. On the other hand, had he earned \$30.00, \$3.75, \$30.00, and \$3.75, he would have been entitled to \$22.50 under the weekly plan and only \$15.00 under the monthly plan. The variation is the result of tabular treatment. *On the average*, the partial unemployment benefit payment defined by the monthly table should approximate closely the total of payments obtainable under the weekly method.) Part-totally unemployed workers, however, are not apt to obtain weeks of *full employment* in a period of *total unemployment*. They are, therefore, in position to receive benefits implying a considerable premium. (A worker earning \$14.50, \$14.50, \$14.50, and \$14.50 in four successive weeks following a lay-off would obtain \$14.00 in benefits under the weekly plan *with a \$3.00 premium* and \$15.00 under the monthly plan proposed above.) No special provision for them is needed.

It should not be supposed that the monthly plan is radically different from the weekly plan. The principle governing compensation

is the same. The purpose of the monthly plan is merely to obviate the necessity of small benefit payments. This purpose could be achieved even under the weekly plan by setting up a complicated bookkeeping system in local offices, crediting benefit accounts on a weekly basis and authorizing benefit payments only after a certain benefit liability (at least equivalent to a full-size benefit check) had been incurred. Such complicated bookkeeping operations are undesirable in a system of social insurance. The monthly plan contains the advantages of an implied weekly differential compensation method and is yet free of the disadvantages of small (fractional) benefit payments and of complicated bookkeeping operations.

D. "DAY-BASE" PLAN

The weekly plan requires special reporting by employers and a reorganization of check-writing and accounting routines in the central office. The monthly plan achieves the purpose of the weekly plan without disturbing established central office procedures. The monthly plan, however, involves just as much in the line of employer reporting as the weekly plan. The day-base plan modifies basic procedures to a limited degree, obviates special employer reporting, and avoids disturbance in the central office routines which prevail under the current system (1940).

I. PRINCIPLE OF DAILY COMPENSATION

It is generally conceded that unemployment insurance undertakes to compensate for loss of employment, not for loss of earnings. This intent can be well served by a system which recognizes each day of unemployment.

The weekly method of partial unemployment compensation, current in most American States, deprives of benefits those workers who are unemployed on some days of the week but who earn a sum of money exceeding a certain minimum on the remaining days. Thus, a worker who earns \$1.00 per hour and who worked on Monday and Tuesday is unable to claim compensation for unemployment occurring on Wednesday, Thursday, Friday, and Saturday. This method grants unemployment insurance benefits to workers who are not unemployed but who fail to earn a sufficient sum of wages during a period of employment. A piece worker who is directed by his employer to "stand by" for eight hours a day must be regarded as employed even if he fails to earn \$2.00 per day. Similarly, a life insurance salesman is employed while making his rounds even though he may fail to earn as much as \$10.00 in commissions in any given week. The remedy for "ready-to-serve" employment coupled with low actual earnings lies in the field of hours and wages practice or regulation, not in the field of unemployment insurance.

Relevant at this point is a clear statement of principle contained in the minutes of the British Royal Commission on Unemployment Insurance appointed by Royal Warrant in 1930:

"The suggestion made to the Royal Commission, that a short-time worker ought not to receive benefit if he earns in three days of the week more than the amount of a full week's unemployment benefit, would imply including a test of the worker's resources or means as one of the conditions of benefit. To apply the means test would be contrary to the principle of insurance. To insure against income falling below a certain income standard is one thing: to insure against unemployment is another."

2. SUGGESTED LEGISLATION

While it is desirable to recognize each day of unemployment, it is not desirable to establish daily benefit rates. For purposes of payment, a cumulative series of six working days should be regarded as one unit. Accumulations falling short of six days in any one benefit year should be regarded as null and void. To effectuate this plan, the Law should contain provisions set forth below:

"Total unemployment" means the total lack of any employment, including employment not subject to this article, together with the total lack of all compensation during a period of six working days which need not be consecutive, both of which are caused by the inability of an employee who is capable of and available for employment to obtain any employment in his usual employment or in any other employment for which he is reasonably fitted by training and experience, including employments not subject to this article. A working day means a day on which the employee habitually expects to perform services in employment, including employments not subject to this article. Legal holidays are not to be regarded as working days unless the employee habitually is employed on such days and habitually abstains from employment on other days of the week. Such other days of the week are not to be regarded as working days with respect to such employee. In any case, however, a period of seven consecutive calendar days of total unemployment shall be deemed to contain six working days of total unemployment regardless of the previous employment record of the employee, and regardless of the number of legal holidays falling within such period of seven consecutive calendar days.

Waiting Period. No employee shall be entitled to benefits until he has suffered total unemployment for a period of eighteen working days after giving notice of his unemployment, except as otherwise provided under subdivision two of this section. Such eighteen working days of total unemployment need not be consecutive but may be accumulated within any one benefit year.

Any day of waiting period which occurs in the period from March tenth to and including March thirty-first shall be deemed to have occurred both within the current benefit year and within the benefit year commencing on April first immediately following. There shall be no interruption of benefit payments by a waiting period during a continuing period of total unemployment because of the beginning of a new benefit year.

No day of unemployment shall count as a waiting period in any case except days of unemployment as to which notification of unemployment has been given in a manner prescribed by the Commissioner.

Amount of Benefits. 1. Benefits shall be payable to an employee on account of total unemployment after the specified waiting period at the rate set forth in column "B" following on the same horizontal line on which in column "A" there appear the total wages paid such employee in that quarter of the base year in which such total wages were highest; provided that the total wages paid such employee during the base year are at least equal to the amount set forth on the same horizontal line in column "C."

"A"	"B"	"C"
Wages paid in highest quarter of base year	Benefit rate for a six-day period of total unemployment	Qualifying wages in base year
\$43.00—\$171.99	\$7	\$175
172.00— 194.99	8	200
195.00— 217.99	9	225
218.00— 240.99	10	250
241.00— 263.99	11	275
264.00— 286.99	12	300
287.00— 309.99	13	325
310.00— 332.99	14	350
333.00— and over	15	375

2. No benefits shall be payable to any employee for a period of accumulated total unemployment comprising fewer than six working days in any benefit year.

Limitation of Amount of Benefits. The total amount of benefits to which an employee shall be entitled in any benefit year shall not exceed benefits for thirteen six-day periods of total unemployment.

Filing and Payment of Claims. In claiming benefits hereunder an employee shall correctly report any days of wage-earning employment, including employments not subject to this article, and the days on which he was totally unemployed, and shall make such reports in accordance with such rules as the Commissioner shall prescribe.

Record and Audit of Payrolls. Every employer including employers not subject to this article shall keep a true and accurate record of each of his employees, of the days on which each of them was employed, and of the wages paid to each of them, and shall furnish to the Commissioner, upon demand, a sworn statement of the same. Such record shall be open to inspection at any time and as often as may be necessary to verify the number of employees, the dates of employment, and the amount of the payroll. Any employer who shall fail to keep such record or who shall wilfully falsify any such record, shall be guilty of a misdemeanor.

Text of the actual bill introduced to make this plan effective appears on pp. 29-33. The bill, as introduced, differed from the original proposal set forth immediately above.

3. EFFECT ON THE UNEMPLOYMENT INSURANCE FUND

The amendments proposed above would tend to increase the amount of benefit payments. This consequence should not be regarded as a liberalization of benefit provisions but merely as a realization of the equitable extension of coverage to insure against partial unemployment.

It is not possible to measure the cost of the proposed amendments. Actuarial studies completed by the Bureau of Research and Statistics suggest that the cost of partial unemployment benefits on a weekly basis computed with reference to a full-time weekly wage formula could not exceed, over a period of years, \$20,000,000 per annum. The actual amount should prove to be much smaller. The studies were based on several unrealistic assumptions which nevertheless had to be made. All wage losses shown in the statistical material analyzed by the Bureau were imputed to lack of employment. Some such wage losses were undoubtedly due to other non-compensable factors. It was assumed that each partially unem-

ployed worker would diligently pursue his rights, even if benefits obtainable by him amounted to an insignificant sum of money. This will not be the case in actual practice. It was also assumed that partial unemployment benefits would be claimed by each worker prior to a total unemployment claim and hence that they could be paid up to the full extent of potential benefit rights. In reality, many partially unemployed workers will exhaust their benefit rights on account of total unemployment and will be unable to obtain additional benefits in periods of partial unemployment.

Even \$20,000,000 per annum, additional to the \$75,000,000 chargeable to total unemployment, would not arrest the steady growth of the Fund although it would considerably diminish the annual net increment. It is very probable that the actual net additional cost of partial unemployment insurance on a weekly basis would prove to fall somewhere within the limits of from \$10,000,000 to \$15,000,000 per annum.

It is also impossible to say with any degree of assurance whether the day-base method of compensation would prove more or less costly than the weekly one. On the side of savings, several factors are worthy of note:

(a) At the present time, no deduction is made for earnings in any week not in excess of \$3. Under the daily plan, no compensation would be payable for any day of employment regardless of the amount of remuneration earned on that day. (If this should tend to discourage applicants from working for such insufficient wages, so much the better: the Unemployment Insurance Law should not encourage employment which is of such brief duration—an insignificant fraction of one day—that the social cost of getting to work outweighs the value of compensation.)

(b) At present, there is a strong temptation for claimants who earned slightly more than \$3.00 in a week of unemployment to report earnings of less than \$3.00. No regular and consistent attempts are made to check the correctness of claimants' statements.

(c) At the present time, routine inquiry into the elapsed period of unemployment is of necessity rather perfunctory. Applicants are asked whether they were unemployed during the previous week. This is not as satisfactory as a series of specific questions: Did you work on Monday? Did you work on Tuesday?, etc. Such detailed questioning minimizes the proclivity towards fraud.

(d) Under the present regulations of the Industrial Commissioner, employers need not keep a detailed record of dates of employment. As a matter of fact, most of them keep such record (one of several so-called "subsidiary records") but they do not preserve it for a considerable period of time. If it were generally known to claimants that a record of their employment by dates and days is available (upon request) to the Industrial Commissioner and that the Commissioner is apt to refer to the record, many continued claims would not be filed.

(e) Under the weekly plan of partial unemployment insurance, benefits would be payable for weeks in which the claimant was employed on every day but in which he earned less than his total unemployment benefit rate. Under the day-base plan, no compensation being payable for underemployment within one day, the drain on the Fund would be correspondingly reduced.

On the other hand, there is one circumstance which tends to make the day-base plan more costly than the weekly one. The day-base plan does not allow for any offset of days of unemployment by days of employment. Thus a claimant who was employed on Monday, Tuesday, Friday, and Saturday and who earned \$15.00 in these four days, is still entitled to claim benefit credit for his unemployment on Wednesday and Thursday. This is strictly in accordance with the unemployment insurance principle. But it costs more than the weekly plan under which this principle is disregarded.

Two comments might be made in this connection. First, it is not certain that the weekly partial unemployment plan would prove cheaper in practice. A worker who is employed only four days a week earning \$15.00 is apt to look askance at his fellow who is totally unemployed and receives \$15.00 a week from the Unemployment Insurance Fund. This sort of situation leads to the advocacy of a premium to be written into the weekly partial unemployment benefit formula. The daily plan is in itself a "premium" on the incentive to seek employment. If in spite of a premium the weekly method should prove to be cheaper than the daily plan, the sufficiency of the premium could be questioned. In that case it could be argued that some unemployed beneficiaries wilfully neglect to obtain part-time employment and that the low cost of partial unemployment benefits is at least partly offset by an increased cost of total unemployment benefits which unfortunately cannot be traced back to its cause.

Secondly, intermittent unemployment — unemployment which does not occur in solid periods of consecutive days and weeks — tends to affect chiefly workers who lose a considerable amount of employment each year. Such workers exhaust their benefit rights anyway, and the cost to the Fund is the same regardless of the method of compensation. A construction worker may easily lose ninety-six days of employment in the period from April 1 to November 30 and draw \$195.00 in unemployment insurance benefits. But if he does this, he will not be entitled to any benefits in December, January, February, and March when he is usually totally unemployed. On the other hand, if he received \$195.00 in benefits during the winter season, he will not cause any additional drain on the Fund in the remaining months of the year, regardless of the irregularity of his employment record.

During the benefit year 1939-1940 to October 31, 1939, 220,290 claimants exhausted their potential benefit balances. Up to July 31, 1939, 565,135 claimants were found eligible for benefits. This is somewhat more than the number who were "exposed" to the hazard of exhausting their benefit rights in this period (only claimants

who filed prior to July 11, 1939 could have exhausted their benefit rights prior to November 1, 1939). Assuming that 20 per cent of the 565,135 eligible claimants did not receive any benefits at all, it may be estimated that 49 per cent of the beneficiaries tend to exhaust their benefit rights in the first seven months of the benefit year. Doubtless the percentage will be much larger by the time the benefit year comes to its end. These beneficiaries will get their statutory maximum benefits no matter what plan of compensation is in use.

Since the higher cost factor of the day base as compared with the weekly plan comes into effective play only with reference to a decided minority of all beneficiaries—probably not greater than 25 per cent—and since the several factors tending to make the cost lower for the daily plan affect, at least potentially, all beneficiaries, it must be admitted that the actuarial case against the day-base plan is not convincing. Since funds derived from current contribution rates are ample, actuarial considerations might be held in abeyance for the time being. This clarifies the position and reduces it to one of equity and of principle. On that score, the day-base plan is obviously preferable to the weekly one.

4. EXPENSES OF ADMINISTRATION

Any increase in the cost of operations consequent upon the introduction of the day-base plan will be governed partly by general employment conditions and partly by the scope of procedures necessary to administer the Law as amended. It is probable that the day-base plan would not occasion any sharp increase in the central office budget. Some increase in staff will be needed in the local offices. This increase, however, will be attributable chiefly to a more thorough performance of the duties which are even now implied in the concept of unemployment insurance.

In any case, however, the administration of the day-base plan will cost less than the administration of a weekly plan coupled with weekly or monthly partial unemployment benefits. This conclusion is inescapable in view of the procedural features of the several plans.

5. ADMINISTRATIVE PROCEDURES

The policing of any plan of unemployment insurance rests primarily on personal appearances of claimants at local offices. The policing function, however, is at present in conflict with the requirements of central office operations. In order to write checks efficiently by means of the addressograph equipment, the central office must rely on a fixed reporting date at the local office. (This fixed date should be governed solely by the last digit of the claimant's social security account number.) On the other hand, in order to prevent fraud, the local office should test the claimant's status by a variable reporting date assigned to the claimant not earlier than one or two days previously.

It is desirable that all claimants should report to the local office twice a week while unemployed. Under the day-base plan, such a requirement becomes imperative. The Railroad Retirement Board requires its beneficiaries to report three times a week if totally unemployed. Two visits per week are a minimum. This minimum should be adhered to even under the present circumstances. One visit—on the fixed reporting date—is needed to achieve prompt and efficient payment of benefits; the other visit—on a day and hour assigned to the claimant one or two days in advance, perhaps by means of a call-in card—is needed to test the claimant's good faith.

Under the day-base plan, the local office record (known as the numerical index card, claim record card, or local office ledger) would continue a "calendar table" on which the validating clerk would note days of unemployment and days of employment by means of appropriate symbols. Notations would be made only for the period immediately preceding the fixed reporting date in accordance with the claimant's deposition on that date. The claimant's appearance on his variable reporting date would be noted on the local office ledger but no deposition will take place.

The local office would differentiate between claimants who were separated from employment and claimants who remained attached to their regular employer but who were not employed on every working day in each payroll period. The declaration of the claimant would be confirmed by his previous or current employer. The local office would police the claims of separated workers purely by means of internal routines. The claims of non-separated workers would be policed, in addition, by means of occasional telephone calls or letters to their employers.

Payment of benefits would be effectuated in the same manner as heretofore. The validating clerk would scan the local office ledger in the presence of the claimant on his fixed reporting date in order to count the number of days of total unemployment accrued. The first eighteen days in any benefit year would be checked and the claimant would be told that his waiting period had elapsed. Each accumulation of six working days of unemployment (or seven consecutive calendar days of unemployment) would be checked and a pay order would be validated. Most pay orders would be represented by check stubs as at the present time. There would be no change in central office operations.

6. CONCLUSIONS

A day-base plan was finally recommended to the Industrial Commissioner. The Industrial Commissioner endorsed the plan in a recommendation addressed to the Legislature on March 6, 1940.¹

¹ See pages ix-xii.

Certain features of the plan were proposed in order to render losses not exceeding three days' work per week non-compensable. The chief reasons urged for adopting these features were as follows:

(1) It was felt that the concept of a "working day" was not suitable, not being readily definable in legal terms, and being subject to vicissitudes of administrative interpretation.

(2) The formula proposed above (pages 22-23) might lead to differences of opinion between employees and employers with respect to definition of a "normal working-schedule." Some establishments operate regularly on the basis of a four-day week. Others operate by means of a six-day week. The curtailment of working schedule from six to five days might represent either partial unemployment or a permanent readjustment of schedule.

(3) The formula was deemed to constitute a radical departure from the loss-of-earnings concept of unemployment insurance. It did not have the effect of limiting partial unemployment benefits plus actual earnings to approximately the weekly amount payable for total unemployment.

Final recommendations were reflected in Bill Assembly Intro. 2390, Print 2894, which was introduced on behalf of the Industrial Commissioner on March 19, 1940 (see pages 29-33).

E. TEXT OF BILL EMBODYING A "DAY-BASE" PLAN FOR
UNEMPLOYMENT INSURANCE

A bill providing for unemployment insurance benefits on the "day-base" plan was introduced in the Legislature on March 19, 1940 on behalf of the Industrial Commissioner. This bill slept in the Assembly Rules Committee. Its text is set forth immediately following:

BILL—ASSEMBLY INTRODUCTORY NUMBER 2390, PRINT NUMBER 2894

An act to amend the labor law, in relation to the payment of benefits under the unemployment insurance law¹

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision ten of section five hundred and two of chapter fifty of the laws of nineteen hundred twenty-one, entitled "An act in relation to labor, constituting chapter thirty-one of the consolidated laws," as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five and as last amended by chapter six hundred and sixty-two of the laws of nineteen hundred thirty-nine, is hereby amended to read as follows:

10. "Total unemployment" means the total lack of any employment, including employment not subject to this article, together with the total lack of all compensation [during a period of seven consecutive calendar days both of which are].

(a) "*Effective day*" means a full day of total unemployment caused by the inability of an employee who is capable of and available for employment to obtain any employment in his usual employment or in any other employment for which he is reasonably fitted by training and experience, including employments not subject to this article; *provided however that such day falls within a week as herein defined in which such employee had four or more days of total unemployment. The number of effective days in any week as herein defined shall be deemed equal to the number of days of total unemployment in that week minus three. An employee who is employed on a shift continuing through midnight shall be deemed to have been employed on only one of the two days involved.*

(b) *A week means seven consecutive days beginning with Monday.*

¹ EXPLANATION—Matter in italics is new; matter in brackets [] is old law to be omitted.

[Where an employee's compensation for employment or employments, including employments not subject to this article, does not in the aggregate exceed three dollars for a period of seven consecutive calendar days, such employment or employments and the compensation therefor shall be disregarded in determining whether there is "total unemployment" with respect to such employee.]

§ 2. Subdivision one of section five hundred and four of such chapter, as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five and as last amended by chapter six hundred and sixty-two of the laws of nineteen hundred thirty-nine, is hereby amended to read as follows:

[1.] No employee shall be entitled to benefits until he has *accumulated* [suffered total unemployment for a period of three full weeks] *twelve effective days* after giving notice of his unemployment[, (except as otherwise provided under subdivision two of this section)]. Such [three full weeks] *twelve effective days* [of total unemployment] need not be consecutive but may be accumulated within any one benefit year.

Any [week] *effective day* of waiting period which [includes any of the days] *occurs* from March seventeenth to and including March thirty-first shall be deemed to have [been accumulated] *occurred* both within the current benefit year and within the benefit year commencing on April first immediately following. There shall be no interruption [of benefit payments] *in the accumulation of effective days* by a waiting period [during a continuing period of total unemployment] because of the beginning of a new benefit year *with respect to any employee who had one or more effective days in the last week in March and also in each of the consecutive weeks following immediately thereafter; such employees shall however serve a waiting period in the new benefit year after the first week therein in which there occurred no effective days.*

No [week] *effective day* [of unemployment] shall count as *part of a waiting period* in any case except [weeks] *effective days* [of unemployment] as to which notification [of unemployment] has been given *in a manner prescribed by the commissioner.* [A "full week" as used in this section means any seven consecutive calendar days.]

§ 3. Subdivision two of section five hundred and four of such chapter, as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five and as last amended by chapter one hundred and forty-two of the laws of nineteen hundred thirty-seven, is hereby repealed.

§ 4. Section five hundred and six of such chapter, as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five and as last amended by chapter six hundred and sixty-two of the laws of nineteen hundred thirty-nine, is hereby amended by adding thereto a new subdivision, to be subdivision three, to read as follows:

3. An employee shall not be entitled to accumulate effective days occurring in a period of ten calendar weeks after the date on which he

(a) has lost his employment through misconduct in connection with his employment; or

(b) has lost his employment because of a strike, lockout or other industrial controversy in the establishment in which he was employed; or

(c) has wilfully made a false statement or representation to obtain any benefit under the provisions of this article.

§ 5. Sections five hundred and five and five hundred and seven of such chapter, as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five and as last amended by chapter six hundred and sixty-two of the laws of nineteen hundred thirty-nine, are hereby amended, respectively, to read as follows:

§ 505. Amount of benefits. 1. Benefits shall be payable to an employee on account of total unemployment after the specified waiting period at the rate set forth in column "B" following on the same horizontal line on which in column "A" there appear the total wages paid such employee in that quarter of the base year in which such total wages were highest; provided that the total wages paid such employee during the base year are at least equal to the amount set forth on the same horizontal line in column "C".

"A"	"B"	"C"
Wages paid in highest quarter of base year	【Weekly】 Benefit rate for each accumulation of four effective days	Qualifying wages in base year
\$43.00-\$171.99	\$7	\$175
172.00- 194.99	8	200
195.00- 217.99	9	225
218.00- 240.99	10	250
241.00- 263.99	11	275
264.00- 286.99	12	300
287.00- 309.99	13	325
310.00- 332.99	14	350
333.00- and over	15	375

2. *Benefits payable under this article shall be paid for each accumulation of four effective days which need not be consecutive. No benefits shall be payable to any employee for less than four effective days in any benefit year except as provided in section five hundred and four.*

§ 507. Duration of benefits. The total amount of benefits to which an employee shall be entitled in any benefit year shall not exceed benefits for [thirteen weeks] *fifty-two effective days* [of total unemployment].

§ 6. The title and subdivisions two and three of section five hundred and ten of such chapter, as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five subdivision three having been last amended by chapter six hundred and sixty-two of the laws of nineteen hundred thirty-nine, are hereby amended to read as follows:

§ 510. [Adjudication] *Filing and payment of claims.*

2. In claiming benefits hereunder an employee shall [for each week of his unemployment] correctly report any *days of wage-earning employment* [he had in such week and any wages he received for such employment], including employments not subject to this article, *and the days on which he was totally unemployed*, and shall make such reports in accordance with such rules as the commissioner shall prescribe.

3. Claims for benefits shall be filed at the local state employment office at which the employee has registered as unemployed within such time and in such manner as the commissioner shall prescribe. Notice of the filing of [the claim] *claims* shall be [sent] *given* to the employee's last employer *at such time and in such manner as the commissioner may prescribe*. The validity of the claim and the amount of benefits payable to the employee thereunder shall be determined in accordance with the rules and procedure established by the commissioner and when such determination is issued by the commissioner it shall be deemed the initial determination of the claim. Any benefits found payable thereunder shall be paid by the commissioner to the employee at such time and in such manner as the commissioner shall prescribe.

§ 7. Section five hundred and twenty-one of such chapter, as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five and as last amended by chapter one hundred and forty-two of the laws of nineteen hundred thirty-seven, is hereby amended to read as follows:

§ 521. Record and audit of payrolls. Every employer including employers not subject to this article shall keep a true and accurate record of each of his employees, *of the*

dates of their employment, and the [wages] remuneration paid to each of them, and shall furnish to the commissioner, upon demand, a sworn statement of the same. Such record together with all other records reflecting or bearing upon the same shall be open to inspection at any time and as often as may be necessary to verify the number of employees, the dates on which each one of them worked, and the amount of the payroll. Any employer who shall fail to keep such record or who shall wilfully falsify any such record, shall be guilty of a misdemeanor.

§ 8. Section five hundred and twenty-seven of such chapter, as added by chapter four hundred and sixty-eight of the laws of nineteen hundred thirty-five and as last amended by chapter six hundred and sixty-two of the laws of nineteen hundred thirty-nine, is hereby repealed.

§ 9. This act shall take effect on September thirtieth, nineteen hundred forty.

Introduced in Assembly March 19, 1940. Assembly Rules Committee—no further action.

PART II. SECOND REPORT ON PARTIAL
UNEMPLOYMENT, 1939

PART II

SECOND REPORT ON PARTIAL UNEMPLOYMENT, 1939

Technical Report of the Bureau of Research and Statistics Submitted to the Governor and to the Legislature together with the Recommendations of the Industrial Commissioner, 1939*

A. GENERAL ANALYSIS

1. CONCLUSIONS AND RECOMMENDATIONS

On February 1, 1938, the Committee on Partial Unemployment submitted to the Industrial Commissioner its *Interim Report on Partial Unemployment*.¹ That document summarized the tentative results of a continuing investigation carried on by the Bureau of Research and Statistics of the Division of Placement and Unemployment Insurance of the New York State Department of Labor. The investigation at that time was directed chiefly toward a quantitative analysis of partial unemployment as an industrial hazard. Administrative problems arising out of compensation of partial unemployment as defined in the Draft Bills prepared by the Social Security Board and in the laws of other States were also given considerable attention. But at that time there was no need, indeed no occasion, to study the purely administrative techniques and devices which are not directly conditioned by legal provisions; it was felt that such an inquiry would hardly fall within the scope of an investigation aimed at the formulation of broad principles intended to serve as a background for legislative decisions.

It was recognized, however, that purely administrative problems weigh heavily in the timing of a legislative program. To quote the *Interim Report on Partial Unemployment*.¹

“Social insurance requires the mastery of extensive administrative detail. Following the first year’s experience with the payment of ordinary benefits for full time or total unemployment it will be easier to estimate accurately the sustaining power of the fund and to envisage the administrative techniques required for a sound approach to partial unemployment coverage. The temporary exclusion of partial unemployment benefits until the initial attack on the administrative problem is over is in line with the spirit of the American unemployment compensation laws, which have generally resorted to exclusions of various types in order to hold the administrative task within reasonable bounds at the outset.”

The first year of benefit payments in New York State proved to be a difficult and abnormal year. It began with an avalanche of

* See pages xiii-xiv, above.

¹ New York State Department of Labor, Division of Placement and Unemployment Insurance, *Special Bulletin No. 2*, February, 1938.

some 400,000 claims filed by workers who became unemployed at some time or other in the year 1937. The sudden and precipitous business recession which occurred in the fall of that year had not been foreseen when the basic budgetary estimates for 1938 were prepared. Throughout 1938, the administrative load carried by the Division of Placement and Unemployment Insurance exceeded original expectations by about 25 per cent. The volume of work actually accomplished in 1938 also rose above the original estimates, but only by approximately 10 per cent.²

Thus it appears that the sustaining capacity of the New York Unemployment Insurance Fund is still in the realm of conjecture. Only one "benefit year" has been fully completed and accounted for to date. This was the period from January 29 to April 6, 1938. These ten compensable weeks cost the Fund over \$23,000,000. It is impossible to say what the final cost attributable to the second benefit year April 7, 1938 to April 6, 1939 may be.³ Preliminary estimates indicate that the calendar year 1938, composed of two benefit periods, occasioned benefit payment liabilities in excess of \$100,000,000.

The actuarial problem in 1938 was overshadowed, however, by the purely administrative problem of benefit payment. It should be stressed that the technical provisions of the Law played a minor part in the operating difficulties which were encountered and which have not yet been solved. The major causes of the imperfect functioning of the Division of Placement and Unemployment Insurance throughout 1938 may be indicated under the following headings:

- (1) The unexpected volume of claims received in 1938,
- (2) The unsatisfactory initial organization by the Division of Placement and Unemployment Insurance of its principal functions,
- (3) The imperfect administration of wage record files, and
- (4) The imperfect administration of benefit payments.

It would be futile to analyze the difficulties, taking each in turn, with a view to lodging the blame or finding a scapegoat. Granted that the administrative budget estimates for 1938 were faulty, they were, nevertheless, as good as could be made at that time. The organization of the Division had been defective; but it must be remembered that the Division came into existence as an imperfect amalgamation of the long-established New York State Employment Service with the embryonic Bureau of Insurance Control. The wage record files were originally set up without the utilization of proper safeguards. With the limitations of time and personnel, however, it is creditable that they were set up at all. The first year's routines for benefit payment were conditioned by an impractical theory, but the unflagging energy expended in the attempt to carry them out fully deserved the success which it failed to obtain.

² New York State Department of Labor, Division of Placement and Unemployment Insurance, *Central Office Procedure for Processing Benefit Claims*, September 1, 1937.

³ Since this portion of the Report was written, the cost has been found to be \$92,000,000.

It is to the point at this time to extract wisdom from the lesson of past failures and to chart a better course for the future. Inadequate or misleading administrative load estimates may be avoided by a proper implementation of the research and statistical staff. Up to the present, the Bureau of Research and Statistics finds it necessary to devote too large a fraction of its time to the production of voluminous detailed statistical tables and unanalyzed research materials. Such basic data are of supreme value and importance when analyzed and fully digested; but time for a process of reasoned analysis has been lacking. Preparation of quarterly or annual administrative load estimates has been a *tour de force* superimposed on the performance of regular assignments and confined to a minimum period of time before an administrative deadline. These problems should be made the subject of continuing study.

More serious problems of the first year's experience of the Division of Placement and Unemployment Insurance have proceeded from violation of a fundamental principle of administration. The secret of success of any large administrative agency lies in the coordination of the efforts of individual workers. This is best achieved by a blending of organization with the dominance of a single purpose in the minds of the personnel of the agency.⁴ The proximate purpose should not be too complex to lose its directive power. The operating functions of the Division of Placement and Unemployment Insurance involve four self-sufficient though interrelated purposes: (1) placement, (2) collection of employer contributions, (3) maintenance of employee wage records, and (4) administration of benefit payments. Where there is a unity of purpose there should be unity of organization.⁵ At the beginning this principle was not recognized in working out the relations between the New York State Employment Service and the Bureau of Insurance Control. The organization of the New York State Division of Placement and Unemployment Insurance as of December 1938 appears in Chart 1, page 40.

Conversely, where there is separation of purposes there should be separation of administrative control.⁶ In the Division of Placement and Unemployment Insurance, the Director of the New York State Employment Service has been responsible both for placement and, to a considerable extent, for the administration of benefit payments, while the Director of the Bureau of Insurance Control was in charge of employer contributions, employee wage records, and benefit payments. A more clear-cut separation of the administration of placement and unemployment insurance functions throughout the Division, coupled with effective coordination at the top, would facilitate effective insurance operations and secure more adequate attention to the twin tasks of maintaining an employment service and administering unemployment insurance benefits.

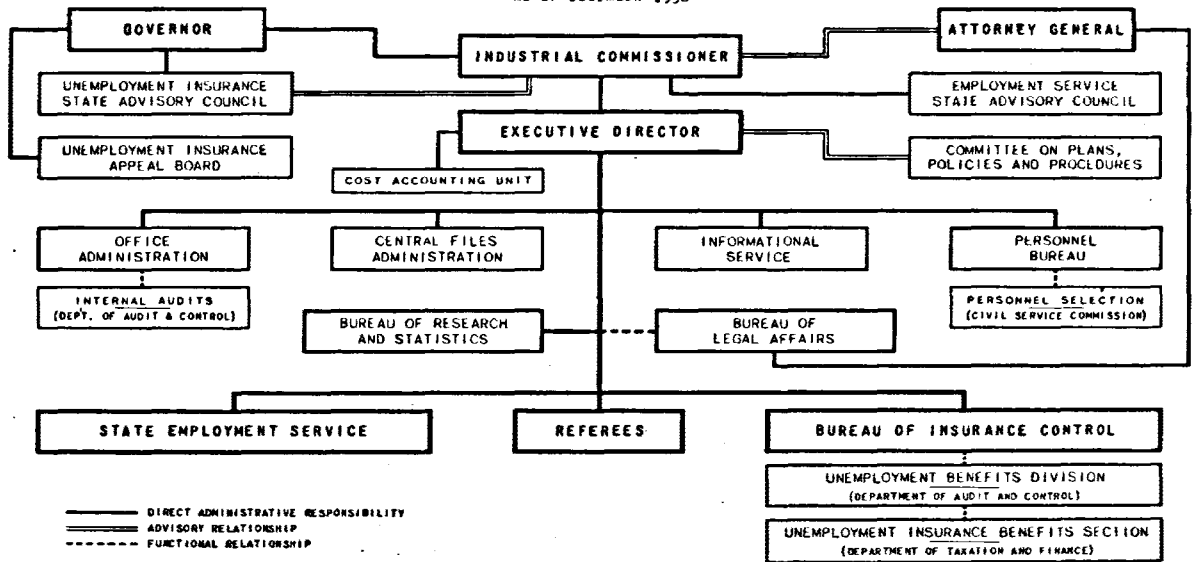
⁴"Notes on the Theory of Organization," by Gulick, *Luther Papers on the Science of Administration* (New York, 1937), p. 6.

⁵*Ibid.*, p. 7.

⁶This principle has its psychological foundation in the law of the "span of attention" which lies at the root of the administrative norm of the "span of control." Gulick, *op. cit.*, pp. 7-8.

CHART I
ORGANIZATION OF DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
DEPARTMENT OF LABOR, STATE OF NEW YORK

AS OF DECEMBER 1938



Defects in organization have had unfavorable repercussions on the maintenance of wage record files of employees. Employers have been reporting quarterly earnings with reference to their employees' social security account numbers. Since the use of this device leaves some room for clerical error, it is important that these returns be checked against master cards of numbers assigned by the Social Security Board's Division of Old Age Insurance. This has been done, in most States, by the simple administrative technique of using these master cards as filing guides in the wage record files. This precaution was omitted in New York State with the result that many thousands of workers protested determinations of their eligibility for unemployment insurance benefits.

The administration of benefit payments was affected adversely also by certain faulty features of organization resulting from the social policy adopted, that benefit payment be subordinated to placement activities in the local offices. Unemployment insurance benefits were regarded as a poor substitute for reemployment. Unfortunately, unemployment during 1938 was not appreciably stemmed by the placement efforts of the New York State Employment Service.

The "stop-order" system of benefit payments, designed to centralize the load in the Bureau of Insurance Control, had to be modified to meet the realities of the situation. This modification added to the burden carried by the New York State Employment Service without appreciably reducing the load on the Bureau of Insurance Control. The weakness of the stop-order system lay in the peculiar method used in maintaining ledgers for individual beneficiaries. Checks were prepared in advance of "continued" claims; the worker's account was charged first, and the worker was then asked whether or not he was entitled to receive the benefit payment. If he certified reemployment or if he failed to report at the local office as required, the previously prepared check was cancelled, and his account was credited in order to reverse the original debit entry. This proved a cumbersome and costly system of bookkeeping. It deserved to be abandoned in favor of a pay-order system.

In addition, the stop-order system of benefit payments would not be applicable to the payment of partial unemployment benefits. This in itself would be a powerful argument for laying it aside. Meanwhile, the benefit year 1939-1940 is clearly not the time for the imposition of new administrative burdens on an organization which has not yet learned to bear the load originally assigned to it.

Most other States were more fortunate in 1938. In a comparatively brief period of time they managed to overcome difficulties that were caused by an unexpectedly large initial rush of claims and defective initial organization. Twenty-six of the thirty-one benefit-paying States were required to pay partial unemployment benefits which involved the use of special procedures. Statistics suggest that the backlog of partial unemployment benefit claims was generally not reduced until several months after the liquidation of the initial claim load for total unemployment. Nevertheless, even this problem was well in hand before the end of the year 1938. Although

administrative perfection had by no means been achieved, most States developed workable procedures and became approximately current in their operations by the end of the year. They analyzed major difficulties and entered a new year with plans formulated to meet them through both statutory and procedural changes.

None of the other States was handicapped by procedural systems built around the stop order as a device for controlling benefit payments. Their initial procedures were all based on processing a claim and preparing a pay order before the machinery for benefit payment was put into gear. Their problems were thus simplified but not, of course, eliminated. They had this in common with New York State—that the control of benefit payments began with a high degree of centralization. As originally conceived, procedures tended to regard local offices primarily as agencies for transmitting claims. This proved to be unsound administrative practice, especially in the early months. Benefit payments were not promptly made, and claimants expected the local office to explain not only the Law but also the delay in action. The theory that benefit payments could flow smoothly on the basis of an adjudication in the central office had to be discarded. Adequate local office claim records had to be established to serve not only as a source of information for claimants but also as a control on central office operations and as a safeguard against the disappearance of claims in the course of processing. The central offices continued to perform the mechanical tasks of benefit payment and to keep official records of their own performance, but the local office record of compensable weeks and benefit payments authorized became the real check on central office operations.

Without the pay-order system and decentralized claim control records, partial unemployment insurance might have proved administratively impracticable. With varying amounts due weekly, the individual weekly pay order, prepared after partial earnings had been deducted from the regular benefit amount, made it possible for other States to handle benefit claims for both total and partial unemployment under almost identical procedures. Whether central office operations were highly mechanized or performed entirely through manually prepared forms, the same type of pay order could be used for all claims and processed in the same manner.

Allocation of responsibility to local offices also expedited the payment of claims for partial unemployment benefit in some States. Where the attempt was made to prepare pay orders for partial unemployment benefits centrally by placing the responsibility for receiving the necessary verification of low earnings on the central office, a backlog of benefit claims for partial unemployment accumulated; and the local office found it impossible to verify complaints regarding nonpayment without having the wage evidence pass through its hands. A tendency has become evident toward a procedure which assigns to the local office entire responsibility for handling the claim up to and including the stage of preparing a pay

authorization on the basis of which the central office can proceed to make a payment.

It should not be inferred that all of the initial administrative problems have been successfully solved in all States except New York. Many troublesome aspects of administration remain, but the major operating problem of keeping payments current has disappeared. Both total and partial unemployment benefits are being paid more or less promptly. Ultimately, all States will profit from common experience.

In the meantime, this *Second Report on Partial Unemployment* must close, as did the *Interim Report on Partial Unemployment*, on an inconclusive note. The administration of the New York State Division of Placement and Unemployment Insurance needs a breathing spell to put its house in order. It would be of little advantage to the wage-earners of this State if the Law were amended to provide immediately for payment of partial unemployment benefits. It is unlikely that such benefits could be paid promptly in 1939. There is merit in the contention that a partial unemployment insurance provision written in 1940 is likely to be better than one written now. Most States will amend their Laws in view of lessons learned in 1938.

It is therefore proposed to devote the coming year of 1939 to further study of partial unemployment with reference especially to the following points: (1) legislative recommendations for partial unemployment insurance, (2) analysis and evaluation of administrative techniques in other States, and (3) estimate of the cost of partial unemployment insurance.

2. ADMINISTRATIVE SETTING IN NEW YORK STATE

The Division of Placement and Unemployment Insurance up to 1939 operated in the double field of activity indicated by its name through the medium of two distinct bureaus—the Bureau of Insurance Control and the New York State Employment Service. Both of these administrative units were headed by directors responsible to the Executive Director of the Division of Placement and Unemployment Insurance.¹

The original plan for the local employment offices which constitute the field service of the Division was based on the theory that the primary function of the New York State Employment Service covered the registration and placement of all workers who seek employment. The handling of benefit claims for unemployment insurance was not regarded as falling primarily within the province of the placement service. It was conceived that the insurance activity should be developed as a central office responsibility, concentrated wholly in the Bureau of Insurance Control, thus enabling the local offices to devote their time and efforts exclusively to the work of placement, except for incidental and routine acceptance of benefit claims. From the beginning, receipt of claims from insured workers was justified chiefly because each claim is accompanied by a registration for work and because capability and availability for work were among statutory tests of eligibility for benefit. The claim card, Form ES-333, was composed of two parts: the more important of these, Form A, was the application for work; the less important, Form B, was the registration for benefits. It was the duty of the placement office to forward Form ES-333B to the Bureau of Insurance Control at Albany, and with this act the responsibilities of the local office for the payment of benefits ceased. The responsibility for preventing payment to workers who were placed in jobs or who failed to report once a month as required, remained; but this duty represented a very minor segment of the local office routine.

This distribution of functions as between the New York State Employment Service and the Bureau of Insurance Control followed the admirable precept of social policy which maintains that one ounce of reemployment is worth a pound of unemployment insurance benefits. It was realized that the firing line, in the battle against unemployment, was in the placement activities of the Employment Service, and that the Bureau of Insurance Control was comparable, in its role, to the medical detachment which brings succor to the wounded but which is incapable of winning a military engagement.

The payment of benefits became, therefore, one of the main duties of the Bureau of Insurance Control and of that Bureau only. The central office was to assume the insurance function, and the insurance responsibilities of the field offices were to be kept at an

¹Other units of the Division are staff or service units auxiliary to these principal operating arms of the organization.

irreducible minimum. The Bureau of Insurance Control developed a system of procedures—known as the stop-order system—which was designed to enable it to perform its task with the minimum of reliance on local office records. This system was and is unique in unemployment insurance practice.

In this system, the nobility of the social objective underlying it is fittingly matched by the ingenuity shown in the intricate working and dovetailing of its procedural details.

The Stop-Order System of Benefit Payments

Under the New York system, claims received in the central office were grouped for processing in units known as "schedules." Each schedule consisted of the aggregate of claims filed on a given day of the year, irrespective of the local office jurisdiction or residence of the claimant. The schedule was subdivided, for working purposes, into batches of claim cards accompanied by a list of claims arranged in numerical sequence according to the social security account number of the employees; but the operation of the system may be traced in broad outline by following the schedule from the point of receipt to the point of benefit payments.

The schedule was checked against a replica of the New York segment of the national index of social security account numbers, supplied to the State by the Social Security Board. This assured a proper correspondence between the number and the name of the claimant. The schedule was then matched with a file containing wage records of all insured workers whose base-year earnings were reported to the Division of Placement and Unemployment Insurance by contributing employers. Claim cards which could not be matched with individual wage records were eliminated from the schedule, and the claimant concerned was informed that he did not appear to be eligible for unemployment benefits. The remainder of the schedule was then prepared for the computation of benefit rates. Wage-record cards were separated from claim cards. The wage-record card being a punched tabulating card, the computation of the benefit rate and of the duration of benefits was made by machines. Whenever the indicated potential duration was less than three weeks, the claimant was declared ineligible for benefits because his reported earnings fell short of eighteen times his benefit rate. This mathematical relationship followed from the provision of the Law which limited potential benefit payments to one sixth of total base-year earnings or a maximum of sixteen times the benefit rate, whichever was less. Ineligible claimants were notified of the fact that their earnings in the base year appeared to have been insufficient to meet legal requirements.

Up to March 31, 1938 the control of benefit payments was tied up with an individual ledger system organized in original schedule units. The punched wage-record card became a benefit-rate card from which a listing was made which then acted as a control on future operations. For each eligible claimant, an addressograph

plate was prepared from the original claim card. After using the plate to prepare a notice of benefit rights which was mailed to the claimant, it was delivered, together with the basic listing, to the central operating arm of the system, the benefit ledger file.

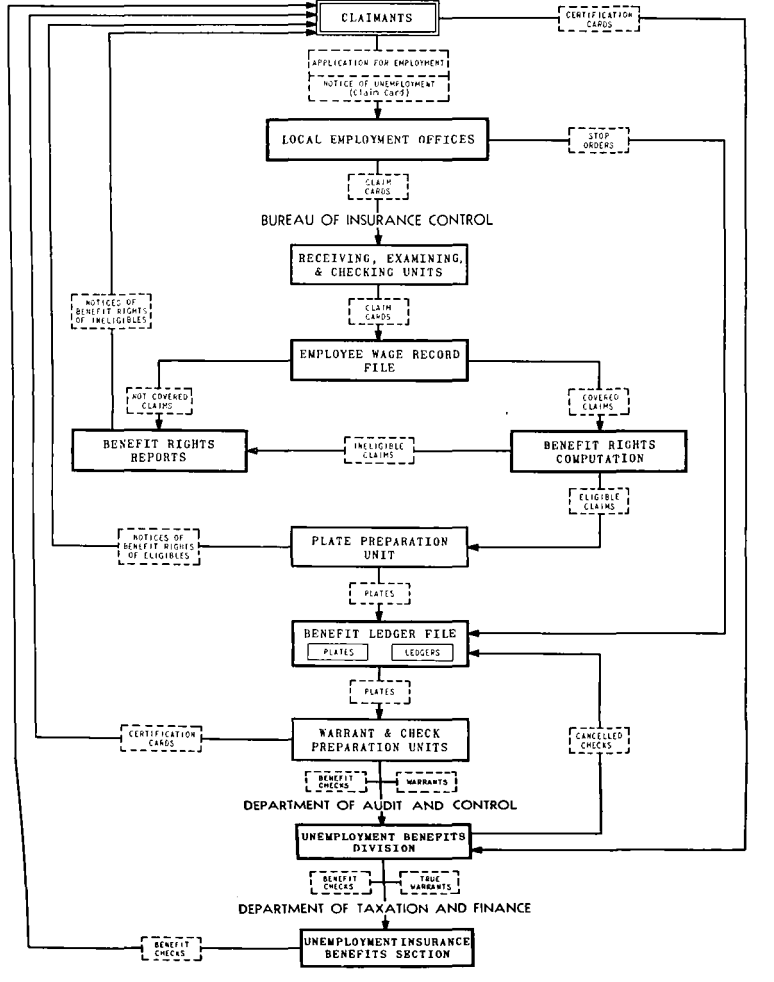
The benefit ledger file had the following tools with which to work:

- (1) Addressograph plates carrying the claimant's name, address, number, benefit rate; in code, the local office jurisdiction, the employer, and most important of all, the date of filing which denoted the unit of operations—the schedule,
- (2) Preprinted ledgers carrying the information obtained from the addressograph plate and printed entries indicating the individual and cumulative amount of all potential benefit payments,
- (3) The original listing of information pertaining to each ledger on schedule-unit basis,
- (4) A file of stop-orders received from local offices, and
- (5) A file of cancelled checks received from the Department of Audit and Control.

On each working day of the week a set of schedules covering claims filed exactly four, five, six, and up to nineteen weeks ago would reach the end of a compensable week. The corresponding ledgers were checked against "stop orders" received, and ledgers of claimants who became reemployed or who failed to report to local offices when required were removed from the active file. The remaining ledgers were date-stamped on the line corresponding to the total amount of benefits certified to date. The ledgers then were used to verify the number of plates in addressograph file trays. Plates of claimants no longer active, as well as of those who had reached the end of the benefit period, were removed. Plates corresponding to inactive accounts were destroyed while those covering exhausted accounts would be rectified by inserting the amount of the last check whenever such amount fell short of the claimant's benefit rate.

These operations completed, it was a simple matter to execute the required warrants, checks, and certification cards. All of these documents were prepared on addressograph machinery. A copy of the warrant and the checks were delivered to the Department of Audit and Control. The certification cards were mailed directly to the claimants. Each certification card was stamped and bore the name and address of the State Comptroller. The claimant had only to sign, certifying either that he was employed or unemployed, and mail the card to the Department of Audit and Control. This Department then pulled the corresponding benefit check out of its files, signed, and delivered it to the Department of Taxation and Finance which mailed it to the unemployment insurance claimant. If the claimant certified reemployment, the benefit check was cancelled and returned to the Bureau of Insurance Control to be credited to the claimant's benefit account.

CHART 2
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 NEW YORK STATE
 JANUARY 1 - MARCH 31, 1938



It will be noted that local employment offices were not in the benefit payment picture. Notices of benefit rights and certification cards went directly to the claimants. Under this initial plan, the claimants had no occasion to call at local employment offices except when requested to do so.

Chart 2, facing page 46, shows the procedure followed in processing unemployment insurance claims in New York State for the period January 1—March 31, 1938.

First Difficulties

Unfortunately for the plan, the claimants themselves insisted on getting constantly in touch with the State Employment Service. They failed to realize that it was not the function of the Employment Service to pay benefits but merely to accept registrations for work accompanied by notices of unemployment and that its chief duty lay in the promotion of reemployment.

In the popular mind, the Division of Placement and Unemployment Insurance in all its branches stood chiefly for unemployment insurance benefits, and its local offices were regarded as the public representatives of the Bureau of Insurance Control. The workers came to these offices to get information about the Law, to discuss the statements of benefit rights received from Albany, to ask advice about the signing of certification cards, and, last but not least, to complain about the delays in the payment of benefits to which they were entitled. These inquiries were handled in a courteous manner by the placement interviewers on local office staffs, but obviously they occasioned a loss of time and efficiency on the part of the highly skilled and qualified personnel which should have been devoting its talents and efforts to field visits, registrations, referrals, clearance, and other employment service tasks. Worst of all, the sympathetic attention and helpful advice of placement interviewers could not solve the problem which seemed most pressing to unemployed workers, namely, the receipt of unemployment insurance benefits. Local office staff had no jurisdiction over nor organic contact with the activities of the Bureau of Insurance Control and, in fact, in the beginning there was not even a printed form at the disposal of the local office which could have been used to communicate the plight of individual claimants to the proper authorities. Some claimants did, indeed, become aware of the implications of the organization of the Division of Placement and Unemployment Insurance, and wrote letters addressed to the Division headquarters, to the Bureau of Insurance Control, to the State Comptroller, or to the Governor. Such letters found their way, for the most part, to the Informational Service of the Division. In most cases, the reply advised the claimant to take the matter up with the appropriate local office of the New York State Employment Service.

It was at that time supposed that the root of the difficulties lay in the delays encountered in the operations of the benefit ledger file. As was said before, the working unit in the procedural flow of

benefit claims was a schedule comprising all claims filed on a given day throughout the State of New York. If there had been no delays in the receipt of claims at the central office, there could not have been more than ninety-six (that is *six times sixteen*) active schedules on hand in the benefit ledger file at any one time, and of these, not more than sixteen would have to be handled each day. Unfortunately, some claims could not be processed promptly upon filing. Some claim cards were found to be defective (lacking the claimant's social security account number or incomplete in some other respects), and these had to be held in local offices until they were corrected. Various other delays arose in the local offices at the beginning of the year when they were expected to note the last employer's registration number (obtained with reference to a bound manual) on each claim card. Finally, permission was obtained from the United States Post Office to mail claim cards from local offices to Albany by means of fourth class mail, with the consequence that central office operations on claims could begin only after an appreciable number of days spent in transit. As a result of these factors, several schedules of claims had to be prepared for each day's filings, and the benefit ledger file was cluttered up and finally choked by an avalanche of schedules comprising smaller fractions of the day's State-wide filings than was intended, each of which required separate attention and handling.

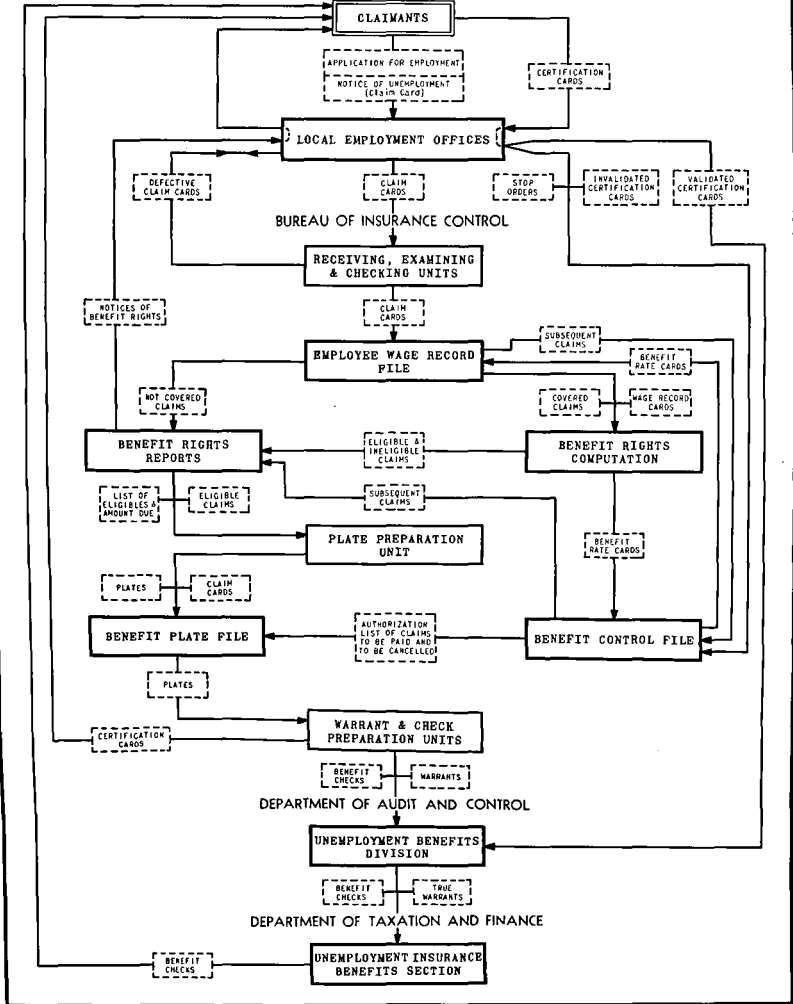
The ledger system could not withstand the strain imposed on it. It became increasingly difficult to find the desired account since the searcher had to go through two score or more separate filing batches all belonging to the same "effective date" (date of claim) series. It became almost impossible to post the ledgers by crediting cancelled checks (returned by the Department of Audit and Control) to them and by applying local office notices as stops. When additional (subsequent) claims for the same individual began to come in, there was no way of telling each claimant's unexhausted balance of potential benefit rights with any degree of accuracy.

Modifications

Modifications of procedure began almost at once, as would be expected with such a large scale operation initiated with a full load from a "standing start."

In April 1938 the visible benefit-ledger system was abandoned in favor of punch "control cards" which could be prepared directly from the benefit-rate card by mechanical reproduction. At the same time, provision was made for consolidating the schedules into six day files, one for every day of the week. The benefit ledger file, which was previously the brains and muscle of the benefit payment system, was replaced by two operating units: the benefit control file covering operations performed on punch control cards and the benefit plate file covering parallel operations accomplished by means of addressograph plates. The revised procedure of processing unemployment insurance claims in the State as of November 1938 appears in Chart 3, facing page 48.

CHART 3
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 NEW YORK STATE
 AS OF NOVEMBER 1938



It was the function of the benefit control file to guide and direct the operations of the benefit plate file. This was done in the following fashion. When a schedule of claims became potentially compensable at the end of the week following the statutory waiting period, the control cards were collated with punched "stop" cards, based on local office stops; and cards covering claims which had been withdrawn by insured employees in the course of their waiting period were removed from the schedule. A listing made from these cards was sent to the benefit plate file and was used to destroy the corresponding addressograph plates held in schedule order. The remainder of the control cards produced a listing of "first payments." The corresponding plates were used to prepare the warrant, checks, and certification cards. As soon as these operations were concluded, the whole schedule of control cards and of plates was merged, respectively, into an appropriate "day file" of control cards and of plates. This meant that all accounts periodically payable on Monday were in the Monday file, all accounts payable on Tuesday were in the Tuesday file, and so on. Prior to each payment date, new accessions ("accounts opened") were interfiled into the two main files, i.e., the control card file and the addressograph plate file. On each payment date, accounts which had been stopped or exhausted were removed from these two files. Thus every function was performed in two motions, one involving the punch-card equipment, the other involving the addressograph equipment.

The introduction of the "control card" solved the posting problem. The control card was the ledger, and this ledger did not have to be posted at all so long as benefit payments proceeded in an uninterrupted series. Each control card carried the number of potentially compensable weeks and the serial number of the week in which the account was to terminate through exhaustion; and the number of checks already prepared could be computed immediately if it was known on what date the main file was last used in the warrant and check preparation process.

This reform of procedure solved also, in some measure, the problem of file maintenance. If all operations were current, there was need for only twelve to eighteen individual filing blocks—six for the main file and six to eighteen for the new schedules which were on hand awaiting the moment of a merger into the main file. Unfortunately, operations throughout 1938 were never completely current, and hence a large number of individual delayed schedules had to be maintained in a "supplementary file." A delayed schedule was one which was one or more payments behind the main file; such a schedule had to be brought up to date, that is, the overdue checks had to be prepared before the schedule could be merged into the main day file.

Additional Claims Arising from Intermittent Unemployment

The introduction of the control card and of the day file occurred at the beginning of the new benefit year. It appeared to have

solved the bookkeeping problem so far as claims filed after March 10, 1938 were concerned; but it left in an unsatisfactory state some transactions arising out of the benefit operations applicable to the old benefit quarter. The most serious of these involved the settlement of additional claims.

A distinction between two types of unemployment is of special significance in the operation of benefit-payment procedures: the steady, long-drawn-out lack of work which is prevalent especially in times of catastrophic economic distress and the intermittent fitful type which results in brief spells of inactivity alternating with more or less temporary employment. The Division of Placement and Unemployment Insurance was sufficiently well-equipped, at the beginning of 1938, to handle claims which were followed by solid unbroken periods of unemployment; such claims did not even require the maintenance of a ledger for the purpose of payment (although a ledger was a prerequisite of adequate control); the addressograph plates, once established, could automatically go on turning out certification cards and checks week after week until ultimate exhaustion of potential benefit rights. But it was otherwise in the case of additional claims, that is, claims filed in a spell of unemployment subsequent to the first spell. A correct ledger was necessary if an additional claim was to be met; the central office had to know, before it could proceed with payment, how many checks the claimant had received in connection with a previous spell of unemployment and how many weeks of waiting he had served since the beginning of the year.

The needed information could not be obtained with any degree of assurance by an inspection of the ledger. Suppose the ledger showed that the claimant was potentially entitled to six checks and that four checks had been prepared for him. Did this prove that he had received four checks? By no means. He may have received none of them. The pre-prepared checks may have been cancelled by the Department of Audit and Control and would eventually (when the pressure of work permitted) appear on the ledger as credits; or they might be still reposing in the files of the Department of Audit and Control, the claimant not having taken the trouble to mail his certifications of reemployment to Albany. In practically all cases the issue was in doubt. Additional claims could not be processed on the basis of the information shown on the ledger, and a detailed investigation of the actual status of each individual account would have necessitated a search in the file of local office stops, in the file of cancelled checks, and in the file of checks held in the Department of Audit and Control. There was neither money, time, nor personnel available for any such painstaking detailed audit.

In addition to these claims filed prior to March 10 for second or subsequent periods of unemployment, the problem of omissions and corrections was also a puzzling one. Many claimants wrote to the Bureau of Insurance Control saying that they had not received checks which should have been mailed to them. Again, an inspector

of the individual ledger was inconclusive. Suppose the ledger showed that five checks were prepared, how could the final disposal of these checks be traced? The numbers of the checks were not noted on the ledger. It was necessary to ask, what was the number of the schedule to which the ledger belonged? When was this schedule processed for the first check? What was the number of that warrant? Then, referring to the warrant, the number of the check might be found. But this operation would have to be repeated to trace the fate of the second, third, fourth, and fifth check. And this was just the beginning of the inquiry; for the five check numbers would then merely serve as a passport to the voluminous and ill-housed files of the Department of Audit and Control. A search in these files, containing the certification cards returned by the claimants, might yield the information that the claimant had certified reemployment and hence that the checks—or at least some of them—were cancelled. But suppose the claimant had signed in error, not understanding the meaning of the form? Or suppose he had neglected to mail the certification cards? Or, perhaps, through some slip or other, he had never received these certification cards? Clearly, this type of investigation was not to be relied upon; and again, time, money, and lack of personnel had to be taken into consideration.

For these reasons, it was decided to call for the cooperation of the local employment offices in the tracing and settlement of these claims.

New Insurance Duties Assigned to Local Offices

In April 1938 it was taken for granted that the amended benefit payment system would take care of all claims filed after March 10. It appeared that some emergency procedure was required merely to liquidate the accumulated backlog applicable to the first benefit quarter. The procedure adopted was one of special reports, by local offices to the Bureau of Insurance Control, on a form known as ES-450. This form was in effect a pay order directing the Bureau of Insurance Control to settle accrued liabilities forthwith with little or no investigation in its own files. It was conceded that the handling of these cases would require the diversion of some local office manpower from the highly important channel of placement to the more pressing channel of unemployment insurance; but there was consolation in the thought that such a diversion would characterize, at most, only a few brief weeks and that the unfinished business of the old benefit quarter would speedily come to an end.

The response to this change in procedure was overwhelming. In April 1938, for the first time since the inception of operations, local offices had a chance to render a real service to eligible but unpaid claimants who had been clamoring for attention. The dam burst, and the pay orders from the local offices began to flood the Bureau of Insurance Control. More than 9,000 were received in April; more than 18,000 were received in May. In their enthusiasm, some local office workers neglected to observe the distinction

between claims filed before and after March 10—misled, perhaps, by the fact that this distinction made little difference to the claimants actively pursuing their interests. The temporary organization set up in Albany for settling these pay orders was soon swamped; the tools used did not seem well adapted to the purpose in hand; and the time seemed propitious for the introduction of a mechanism for permanent cooperation between the State Employment Service and the Bureau of Insurance Control in effecting more orderly procedure in the payment of benefits.

Consequently in May 1938, the unsatisfactory emergency pay-order form was abolished and was replaced by a new improved form known as the "claim adjustment report" (Form ES-460). This form was used to remedy any and all complaints, errors, protests, tracers, contests, delays, etc., arising out of the normal course of benefit payment operations. Form ES-460 was a pay order subject, however, to a certain degree of check through information available in the files of the Bureau of Insurance Control. In June 1938, 55,210 of these claim adjustment reports reached the Albany headquarters; and in the six months from July to December they totaled 272,078, thus averaging over 45,000 per month.

Further Difficulties

The permanent organization entrusted with the task of making payments called for on claim adjustment reports soon discovered that local office records did not always agree in every particular with Bureau of Insurance Control records, especially as represented by punch "control cards" which were originally expected to provide an infallible ledger. It became apparent that local offices derived their information chiefly from depositions made by the claimants. Doubtless claimants knew the nature of their grievances, but it was unfortunate that a corroboration of the claimants' statements was not readily available in local office files. The only facts which the local office could readily determine were the date of application and the date of the local office stop. If the claimant brought with him the statement of benefit rights received from the central office, some more pertinent information was accurately gained; but it was too much to hope that each claimant had kept a straightforward record of the dates of certification cards received and of the check numbers noted thereon.

Simultaneously there emerged an operating difficulty in the benefit control file which was charged with the duty of maintaining a benefit ledger account for each claimant. Under the stop-order system, payments were "posted" automatically, as was previously explained, or, it might be said, by default. But the posting of "stops" or "credits" (reversals of debit entries automatically imputed by implication) required some form of positive performance. Two types of documents were available for this accounting operation: local office stops and checks cancelled by the Department of Audit and Control.

Whenever a claimant reported reemployment, refused to accept suitable employment, or failed to report once a month as required, the local office would send a "stop benefit payment order" to the Bureau of Insurance Control. Unfortunately, the local office was not cognizant of the benefit status of the applicant. It issued stops for the ineligible as well as the eligible, for him whose benefit rights were already exhausted as well as for him who was currently receiving benefits. Stop cards piled up in the key punch unit of the Bureau of Insurance Control. There was no way of selecting the useful stop from a stop which was, in essence, only a meaningless gesture; all stops had to be transcribed on punch cards and collated with files of control cards on each due date. In some cases, a small batch of control cards could be seen laboriously trickling its way in the mechanical collator against a veritable mountain of stop cards impeding its progress. The abundance of stops effected the appropriate "stopping" of a few accounts at the same time that it slowed down and virtually stopped the payment of all.

Even so, the volume of stops was soon dwarfed by the volume of cancelled checks which had to be transcribed on punch cards and processed in the same way as local office stops. It is true that cancelled checks (cancelled because the claimant had reported reemployment to the Department of Audit and Control) had at least the virtue of being definitely applicable to an account already in existence. But was this account in the active file (that is, in one of the six main day files or in one of the great number of delayed schedules in process), or was it in the inactive file, having been relegated there by a local office stop or by a previously cancelled check? It might, and did happen that a claimant received sixteen certification cards practically at one time, and invalidated them all. Thereafter all sixteen cancelled checks kept churning in the stop-order machinery in pursuit of one elusive, because exhausted, benefit account.

Furthermore, there was uncertainty connected with the waiting-period record. Theoretically, the control card would show the date of original filing and the date of the first check. But had even the first check been received? Perhaps the claimant became reemployed a week after the original filing and neglected to sign and return the certification card or cards to the central office in Albany. If he filed again in a second spell of unemployment, his ledger might lead to the belief that, for example, he had served three weeks and received four checks before being stopped by the local office for failure to report. If his potential duration was six weeks, the ledger would support the conclusion that he was now entitled to receive two checks after a waiting period of two weeks. Actually, he might be entitled to six checks after three weeks of waiting.

Further Modifications

It was said before that the New York State Employment Service had entered the field of unemployment insurance by a side door. It was asked to deflect some of its energies—the efforts of persons

chosen and equipped for employment work—to the urgent task of taking care of the irregular insurance cases, that is, those which the Bureau of Insurance Control had not been able to settle on the basis of its own records. It had proceeded with a will to accomplish this task; but the task proved endless. The records of the Bureau of Insurance Control continued to remain and to expand in an unsatisfactory and fragmentary state as a consequence of the stop-order system of benefit payments which prepared a check first, charged the claimant's account with it, and inquired of the claimant later, in the manner of an afterthought, whether or not he was entitled to receive it. Finally, in July 1933, it was realized that more cooperation was required between the two operating bureaus of the Division of Placement and Unemployment Insurance if the records of the Bureau of Insurance Control were to be kept up to date.

Accordingly on July 18, 1933, the local offices of the New York State Employment Service undertook the permanent duty of maintaining a ledger for each eligible unemployment insurance claimant. This ledger, the so-called "numerical index" card, began with the filing of the original claim for benefits. When a determination of benefit rights was made in the central office in Albany, the statement of benefit rights was mailed to the local office which accepted the original notification of unemployment rather than to the claimant, as was previously the case. The essential points of this document were reproduced on the local office ledger before it was turned over to the beneficiary. Certification cards continued to be mailed to the claimant, but the claimant was directed to bring them to the local office for validation or invalidation. Weekly reporting, after the end of the waiting period, was now the rule. Validated certification cards were forwarded by the local office directly to the Department of Audit and Control; invalidated certification cards were forwarded to the Bureau of Insurance Control. This Bureau used them to correct its individual ledgers by a reversal of check-charging entries and to prepare a listing which later served as a cancellation schedule disposing of the voided checks held in the files of the Department of Audit and Control. Furthermore, in order to take care of certification cards mailed to claimants but not presented by them to local offices, it was agreed that the Department of Audit and Control would cancel all unreleased checks four weeks after the date of their preparation. These cancelled checks were also available to the Bureau of Insurance Control for the posting of corresponding credits on individual ledger control cards.

The advantages of this improvement to the Bureau of Insurance Control were enormous. Local offices no longer issued stops under all imaginable conditions but limited them to two types. A stop order was made out in the course of a claimant's statutory waiting period (when he became reemployed, failed to report as required, or refused suitable employment) and was forwarded to the central office only after his statement of eligibility had been received; an order was also made out when an eligible claimant had had some cer-

tification cards validated and thereafter failed to report once a week as required. In the first case, the stop-order card was marked "no checks received"; in the second, the number and due date of the last validated certification card were stated. Thus the Bureau of Insurance Control might determine, by an inspection of the stop-order card, the true state of the claimant's benefit account and might adjust its records accordingly. It was not even necessary to wait for the return of unclaimed checks by the Department of Audit and Control since the local office stop-order cards took adequate care of every contingency.

Moreover, the Bureau of Insurance Control might proceed in turning out checks and certification cards with assurance. If a slip occurred and a check was prepared for a claimant who had withdrawn his claim or exhausted his benefit rights, no damage was done; the corresponding certification card (if and when presented at the local office) would be invalidated, and the check eventually cancelled. This circumstance was of considerable importance. In the first calendar quarter of 1938, 1,205,615 checks were released by the Department of Audit and Control and 139,460 checks were cancelled; in the second quarter, released checks amounted to 2,803,219 and cancelled ones to 363,263; but in the third quarter, only 2,219,418 checks were released as against 966,422 checks cancelled; and in the final quarter cancellations equalled releases, 1,181,305 checks being mailed out and 1,191,221 checks being stopped prior to authorization by the Department of Audit and Control.

The Problem of Additional Claims

The reforms introduced in July provided not only for a local office ledger of benefit payments but also for a notation, on the additional claim card, of the waiting-period status of each claimant. The Law provided that a minimum of three continuous weeks must be served prior to a compensable week but that not more than five weeks were required in any given benefit year. A fraction of a week did not count. Since July 1, local offices were expected to note on each ES-333B form representing an additional claim the number of weeks which was yet to be served before the claim became compensable. This enabled the Bureau of Insurance Control to organize the payment schedule for additional claims with reference to the due date of the first certification card instead of to the date of filing.

Unfortunately, the statement of accrued waiting weeks and of benefit payments received was not noted on the additional claims previously forwarded to the Bureau of Insurance Control. It was agreed, therefore, to return these, numbering in excess of 90,000, to the local offices for the sake of obtaining this transcript of the Employment Service records. This was done and within a few days the two bureaus of the Division of Placement and Unemployment Insurance were fully coordinated—so far as the availability of data on the standing of claims was concerned.

Two types of claims, however, tended to run counter to the normal flow of work under the stop-order system and to clog the benefit-payment machinery. The first of these were the claims periodically filed by skip-week workers, i.e., workers employed on an alternate-week schedule. These claims necessitated the issuance of more stop orders than of benefit checks. If the worker was entitled to, let us say, sixteen benefit checks, his original claim would be stopped as of the beginning of the second week after filing; thereafter, four additional claims would have to be filed, one every other week to bring the worker past his statutory waiting period; sixteen additional claims would next be in order, resulting altogether in sixteen checks and twenty stop orders. It was felt that a perfect timing of the processing of these claims and stops was not always to be hoped for, and that in any case the stop-order procedure was not economical in this particular instance. It was decided, therefore, to handle these claims on a pay-order basis in connection with Form ES-460, the claim adjustment report. The pay order was to cover at least two accrued compensable weeks; the certification card and a single check covering both payments were to be prepared and the control card was to be brought up to date. Local offices were instructed to forward the original claim card of a skip-week worker to the Bureau of Insurance Control for the purpose of obtaining a determination of eligibility but to keep all additional claim cards in their own files. No stop orders were to be issued, since the original claim card carried the notation "stop skip week," obviating the necessity of any subsequent communication between the local offices and the Bureau of Insurance Control prior to the expiration of the second compensable week. For this class of workers this procedure, in effect, was a pay-order system in its purest form.

The second type of claim which caused a good deal of confusion was the claim or series of claims filed by workers employed intermittently but not on a skip-week schedule. Here the problem was even more complicated than the problem of skip-week workers. The maximum total number of claims which might be filed by a skip-week worker could at least be foretold with some degree of certainty; but an intermittently unemployed worker might file several claims a week and dozens of claims in the course of his benefit year. Most of these claims would be pursued by a "stop-payment order" within a day or two after they were filed. The amount of paper work connected with these claims, under the stop-order system, was far out of proportion to the results obtained, and the danger of clerical errors either in the local office or in the Bureau of Insurance Control was especially acute.

After much thought, it was realized in November 1938 that claims filed by intermittently unemployed workers could not be processed efficiently within the existing framework of the Bureau of Insurance Control. To the two operating sections, the Benefit Payment Section (in charge of the processing of claims) and the Contested Claims Section (in charge of processing claim adjustment reports) was added a third section independent of the other two,

the Intermittent Workers' Claims Section. This Section operated on the pay-order basis. It handled all intermittent claims, including skip-week workers' claims. It did not use a mechanical ledger. Instead of a control card, each claimant's account was embodied on a visible ledger sheet. This form was exactly the same form which had been used in the benefit ledger files prior to March 31, 1938 and which was later abandoned in favor of the punch control card. However, instead of posting only the date of check preparation, the actual check number was posted on this ledger form, and no check was prepared prior to the receipt of a local office pay order.

It may be said, in passing, that operations in the Intermittent Workers' Claims Section were not hampered by delays, practically every pay order received being processed and the corresponding check prepared within twenty-four hours.

Further Difficulties

The system of benefit payments as finally devised, by the detailed method of trial and error, succeeded in dovetailing local office records with the records kept in the Bureau of Insurance Control. With a coordinated mechanism of checks and balances, the system was theoretically foolproof. Unfortunately, operating difficulties in the Bureau of Insurance Control, traceable to the fact that the system as improved and expanded was beyond the capacity of the human and mechanical equipment of this Bureau, led to a situation which became constantly more aggravating as the months went by and which ultimately resulted in a temporary stalemate.

The root of the trouble lay in the posting of the mechanical individual claimant's ledger embodied in the control card. As was said before, posting of benefit payments was automatic—no actual posting being necessary—so long as the control card was in the active file. When a control card was stopped, it was moved from the active file to the closed file. When an additional claim came in, the control card was mechanically ejected from the closed file and reproduced on a new punch-card form. This new form became the currently active control card, the old form being relegated to an inactive file.

When claim adjustment reports began to flow into the Bureau of Insurance Control—at the rate of over 40,000 per month—it was properly assumed that they did not refer to claims which were then in the active file. In the interest of speed and efficiency, these reports, containing the claimant's complete record as to benefit payments actually received and benefit payments still due, were processed first; the corresponding control cards were prepared later. Unfortunately, the basic assumption was not always justified. Some such claims were in the active file at the time when the claim adjustment reports were issued in local offices. They were in the process of payment but delayed. Other such claims were in the closed file at the time of the issuance of the claim adjustment report, but they were transferred into the active file afterwards in connection with the processing of an additional claim filed prior to the date of the

claim adjustment report. Consequently, some claimants had two or more accounts opened for them, that is, two or more control cards or ledgers were in existence for the same insured worker.

There was also the matter of stops and cancelled checks. These should have been posted promptly; but, the task of posting them being of considerable magnitude and complexity, it was deemed desirable to wait until all benefit payments were being made currently and until the accumulated backlog of unsatisfied claims had been eliminated. It was felt that if any benefit accounts were overdrawn, that is, if they were allowed to remain active after the effective date of a local office stop, no great harm would be done since the superfluous certification cards would be disregarded by the claimant or, if presented to the local office, invalidated at that stage. Unfortunately, it proved more difficult to liquidate the accumulated backlog of claims than was anticipated, and soon the sheer weight of stops and cancelled checks to be posted presented a formidable problem in itself.

As a result of these operating difficulties, various anomalies arose which tended to add to the load carried by the local offices and to puzzle and confuse the benefit claimants. Some claimants were informed that they had exhausted their benefit rights long before the total number of checks due them had actually been released. Some received two or more sets of certification cards covering the same compensable weeks or overlapping compensable weeks. Some claimants received certification cards after all their benefit rights had actually been exhausted, while others received, upon filing an additional claim, a statement of benefit rights quoting incorrectly the potential duration or even the weekly benefit rate.

It should not be concluded from the above discussion that all control cards embodied an incorrect or fragmentary record. The majority of them were perfectly in order; but, because of the great number of faulty records, all of them were ultimately suspected as a source of trustworthy information. Unfortunately, the ledger which was most urgently needed, that is, the ledger of a claimant filing a claim subsequent to the original claim, was precisely the ledger most likely to be incomplete or incorrect. When an additional claim was settled on the basis of such a ledger, it immediately evoked a protest from the claimant. This meant the filing of a claim adjustment report, the punching of an additional control card, and finally, as like as not, the existence of two ledgers for the same claimant and the issuance of duplicate certification cards.

By the end of November 1938, more than 240,000 additional claims were on hand and in process at the Bureau of Insurance Control. It was recognized that if these claims were authorized for payment on the basis of the existing control card ledgers, more than 100,000 claimants would protest the settlement and as many claim adjustment reports would be filed. For this reason, at the beginning of December, all operations on these claims were suspended and the major task of rectifying control card ledgers, delayed since May 1938, was undertaken. The posting and consoli-

dating of accounts consumed the greater part of the month of December. In January 1939, the payment of additional claims was resumed. It was expected that all of these delayed claims would be cleared from the books some time before the end of February 1939.

Stop-order System and Partial Unemployment Benefits

The stop-order system of benefit payments, as originated and practiced in New York State, is not adapted to the payment of partial unemployment benefits. Under this system, checks were prepared at the end of each compensable week but in advance of the filing of a "continued claim" notice by the claimant.

It is the essence of partial unemployment insurance as established in the United States that benefit payments are made in proportion to the claimant's benefit rate for total unemployment and his actual earnings in a week of partial unemployment. Hence, partial unemployment benefit checks cannot be prepared in advance of the receipt of a continued claim. These claims must be handled by a pay-order procedure or not at all.

It would seem, on first consideration, that partial unemployment claims could be handled in the Bureau of Insurance Control by a separate pay-order unit, such as the Intermittent Workers' Claims Section. Actually, some of the workers who are intermittently employed, for periods falling short of one week at a time, may be regarded as part-totally unemployed in those weeks, or even as partially unemployed, if they remain attached to their regular jobs. But it is doubtful whether it is possible to maintain a separate visible-ledger pay-order system for partially unemployed claimants while maintaining a punch-card-ledger stop-order system for totally unemployed beneficiaries. The two groups of workers are bound to overlap. Weeks of total unemployment may follow, may be succeeded by, or may be interspersed with weeks of partial unemployment. Even at present, it is becoming evident that the intermittent workers' group is not a clear-cut one. In the two-week period ending January 14, 1939, 2,136 intermittent workers' benefit accounts were opened and eighty-two or nearly 4 per cent were closed as "no longer intermittent." Such an overlapping is not very serious when benefit payments are made always at the same weekly rate; the punch control card may easily carry forward the formerly established hand-posted visible ledger by means of two punched entries only—benefit rate and number of checks prepared. It would be a different matter, however, if the punch card were expected to itemize several weekly partial unemployment benefit amounts all varying in size. It should not be assumed, of course, that the processing of partial unemployment claims is beyond the capacity of the flexible punch-card system; it can be done, but only by means of separate punch cards for each and every payment. Failing this expedient, it would be necessary to establish a constantly active cross-index between the control card file and the visible ledger file, indicating, for example, on the control card a code which would signify "total

brought forward from a visible ledger" and "balance carried forward to a visible ledger"; and, on the visible ledger, an entry saying "brought forward from a control card" and "carried forward to a control card." Such a system for partial unemployment benefits, wholly independent of total unemployment benefits, would prove very cumbersome and unwieldy in practice.

All of these difficulties will disappear, and the payment of partial unemployment benefits will become a relatively simple and straightforward task, if and when the Division of Placement and Unemployment Insurance abandons the stop-order system of benefit payments and thoroughly integrates the pay-order system into its procedures under conditions of actual practice.

Results of the First Year's Experience

The record of the Division of Placement and Unemployment Insurance in both its major fields of operation to February 1939 does not manifest unqualified success. Much was done in 1938, but much remained undone. The calendar year 1938 opened with approximately 400,000 claimants, who had become unemployed in 1937, awaiting the opportunity of applying for benefits in January. This meant that operations were begun in 1938 with a sizable backlog of claims. During the whole year 1938, 2,577,069 claims were received at the Bureau of Insurance Control of which 2,178,316 were initially disposed of, leaving a balance of 398,753 claims on hand as of December 31, 1938. Of these, 329,574 were additional claims. Thus the year 1938 ended with about the same backlog of claims with which it had begun.

It is cold comfort to acknowledge the fact that the volume of insurance business actually done and successfully completed in 1938 far exceeded the original estimates of the administrative load for this year. The original estimates may have been at fault; but it is also possible that the organization of the Division of Placement and Unemployment Insurance, and the procedures used in the settlement of benefit claims, generated, by themselves, an administrative load which would otherwise have been nonexistent.

It is now evident that New York State had not, in the first year of operations, mastered the art of paying unemployment benefits. There is little of possible value to be learned from the above detailed record.

For this reason, it was decided to observe the experience of other States which have managed to pay not only total but also partial unemployment benefits in 1938. The conclusions reached by an analysis of the actual experience of six States are set forth on pages 87-160.

3. SIGNIFICANCE OF INITIAL EXPERIENCE IN THE UNITED STATES

a. STATE BENEFIT PROVISIONS AND PROCEDURES

During 1938 thirty State unemployment compensation agencies began paying unemployment benefits. Of these, twenty-five provided for both partial and total unemployment compensation.¹ Of the five States paying benefits for total unemployment only, Michigan provided compensation for partial unemployment beginning January 1939, while Massachusetts, Mississippi, Pennsylvania, and New York provided only for a study of the problem.²

The benefit provisions in effect in 1938, discussed on pages 206-214, tend to follow the pattern set by the Draft Bills of the Social Security Board.³ The total unemployment weekly benefit rate was almost everywhere 50 per cent of the statutory "full-time weekly wage" with minimum and maximum limits. The partial unemployment benefit rate in all States approximated the difference between the total unemployment benefit rate and earnings in the week of partial unemployment. In order to qualify for benefits in a week of unemployment, all claimants had to meet the general eligibility requirements relating to earnings in the past calendar quarters. Two weeks of partial unemployment counted as one week of total unemployment. Waiting-period requirements were usually longer than those for total unemployment. The maximum amount of benefits which could be received in a benefit year, including payments for both partial as well as total unemployment, was usually limited to sixteen times the weekly benefit rate or one sixth of earnings in a "base period" (four or eight calendar quarters of a calendar year), whichever was less.

The problem of benefit payment in all States, large and small, was twofold—to overcome the abnormal work load caused by the initial rush of claims and to adopt administrative procedures to meet various exigencies as they arose. Inexperienced personnel and the *a priori* basis of the original administrative planning intensified these problems. Progress was not even throughout the country, but by the end of 1938 most States had reduced the backlog of their claims and were practically current in their operations. For the purpose of this study, the States of Connecticut, Maine,

¹ Twenty-five States began partial and total unemployment benefit payment as follows: *January 1938*: Alabama, Arizona, California, Connecticut, District of Columbia, Louisiana, Maine, Maryland, Minnesota, New Hampshire, North Carolina, Oregon, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia; *April 1938*: Indiana; *July 1938*: Iowa, South Carolina; *September 1938*: Idaho; *December 1938*: New Mexico, Oklahoma.

Five States began benefit for total unemployment only as follows: *January 1938*: Massachusetts, Mississippi, New York, Pennsylvania; *July 1938*: Michigan, Wisconsin started both partial and total unemployment benefit in July 1936.

² The Mississippi Law enacted in 1936 had called for the start of partial unemployment benefit payments in April 1938, but by an amendment the partial unemployment benefit provision was removed.

³ Detailed descriptions of the administrative systems in Connecticut, Maine, New Hampshire, North Carolina, Rhode Island, and Virginia are given on pp. 68-160.

Michigan, New Hampshire, North Carolina, Rhode Island, and Virginia were visited and observed at first hand.

In view of the prolonged difficulties experienced in New York, it is important to ask why the difficulties in other States were lessened as time went on. The answer calls for consideration of three basic features of an unemployment insurance administration, viz., statutory provisions, scale of operations, and administrative procedures.

An analysis of statutory provisions⁴ indicates that all States operated within a more or less similar legal framework. Benefits were paid everywhere on the basis of reported earnings in past calendar quarters at the rate of 50 per cent of the statutory full-time weekly wage with minimum and maximum limits for a varying number of weeks up to a flat maximum duration. In this respect, legislation in the United States differs basically from the type of legislation which provides for flat rates varying only according to the age and sex of the benefit claimant and the number of dependents, as in the British Unemployment Insurance Act.⁵

In several respects the New York Law is simpler than the statutes of most other States. It provides for a uniform base year and a uniform benefit year, whereas most States have a so-called "rolling" base year (after requiring quarterly redetermination) and an individual benefit year. New York does not have the prevailing complicated provisions requiring additional waiting periods every quarter. Moreover, it does not penalize voluntary quitting of work (which legal penalty necessitates a separation notice for all benefit claimants and the enforcement of the penalty). Finally, New York does not have to cope with low-earnings reports and other special administrative problems inherent in partial unemployment benefit payment. It seems clear that the comparative success of other States in administering their unemployment compensation laws cannot be attributed to simplicity in their statutory provisions.

An evaluation of the possible sources of administrative difficulties cannot disregard the problem of size. It is possible that the scale of operations has been the crucial factor in the success or failure of benefit payment systems during the first year. Most agencies in the United States have comparatively small jurisdictions in terms of the number of persons covered by the system. Only the following eight States cover a million or more insured workers:

State	Number of employees in firms covered	Number of employees covered
New York	4 or more	4,000,000
Pennsylvania	1 or more	3,100,000
Ohio	3 or more	1,720,000
California	4 or more	1,700,000
Illinois	8 or more	1,620,000
Massachusetts	8 or more	1,332,000
Michigan	8 or more	1,300,000
New Jersey	8 or more	1,000,000

⁴ See pp. 206-214.

⁵ For a discussion of foreign unemployment insurance systems, see pages 235-279.

⁶ Four or more, beginning January 1, 1939.

If a mass problem of employer reporting and benefit claims load is added to a complex statute, the first few years of operation of any system are certain to be arduous. But large size brings advantages as well as disadvantages. A cardinal advantage lies in economy in performing repetitive tasks by means of modern office and accounting machinery. Mechanical devices are feasible and economical only when the extent of operations surpasses a certain minimum limit. Disadvantage lies in the limitations of the managerial factor⁷ and in the increasing complexity of certain repetitive tasks which accompanies an increase in size.⁸ This disadvantage can be overcome by skillful administration.

That size is not incompatible with efficient administration has been demonstrated in the State of Michigan. A comparison of the experience of this State with New York experience is instructive.⁹

While the Michigan system covers only 1,300,000 workers, about one third as many as New York, the volume of benefit payments in Michigan recently exceeded those of New York. This does not mean that Michigan surpassed New York in the extent of administrative responsibility; but it did surpass New York in the matter of successful performance. This suggests that the volume of claims and payments handled by the New York system is neither entirely unique nor beyond the range of administrative practicability.

A distinction must be drawn between the size of the jurisdiction and the size of the managerial unit. Small units are more easily checked from day to day, procedure is more easily reviewed, and erroneous steps are more easily corrected. Many State boundaries define jurisdictions approximating in size the scope of a practicable administrative unit. Unemployment insurance agencies in those States which cover an area and a population too large to be handled as a single administrative unit must create their own managerial units as a matter of administrative choice and judgment. In this respect, the State of Michigan deserves special commendation.

An evaluation of the extent to which success or failure can be attributed to the administrative system presupposes familiarity with basic elements in unemployment compensation procedure. Since it is impossible to enumerate here even the major variations in the State systems during 1938, administrative experience will be summarized by means of a simplified model of procedure.

⁷ "The inexorable limits of human nature." Gulick, *op. cit.*, p. 7.

⁸ This is true especially of sorting and matching operations.

⁹ BENEFIT PAYMENTS IN MICHIGAN AND NEW YORK, AUGUST-DECEMBER 1938

	ORIGINAL CLAIMS		BENEFIT PAYMENTS			
	Michigan	New York	Amount (gross)		Number	
			Michigan	New York	Michigan	New York
Total, August-						
December	293,857	311,852	\$39,907,306	\$31,726,303	2,958,093	2,661,528
August	112,449	73,279	7,697,777	10,973,932	551,284	912,734
September	57,637	57,778	11,686,393	6,683,293	860,964	559,927
October	41,531	60,557	9,957,923	5,688,158	743,419	495,663
November	34,503	48,333	6,404,694	4,502,669	485,795	389,648
December	47,737	71,905	4,160,519	3,871,251	316,631	303,556

SOURCE: Michigan figures—Social Security Board; New York figures—New York State Department of Labor, Bureau of Research and Statistics, Division of Placement and Unemployment Insurance.

Elements of Unemployment Compensation Procedure

The description of claims processing which follows should not be mistaken for a reproduction of the system of any one State; it is a composite of good administrative practices observed in the course of field study in several States.

The sequence of steps characterizing the processing of a claim for unemployment insurance benefits may be grouped around five major functions: the filing of claims, preparation of wage records, benefit determination, filing and preparation of compensable claims and pay orders, and check preparation.

1. A claim for benefits is filled out in the local office. The claim form covers the following essential points—the name, address, and social security account number of the claimant; the date and place of any previous claim for benefits; the name and address of his last employer; the names and addresses of previous employers in the base period; the date of registration and of the last day worked; the reason for unemployment.¹⁰ The interviewer goes over the form with the claimant, checking the information, asking questions, and adding further essential facts concerning the claimant's employment history.

2. The claim is sent to the central office where the facts stated are checked against the wage-record files built up from employer payroll reports to determine the exact amount of earnings received by the claimant from employment during his base period. (The wage record files have been established by filing quarterly individual wage slips behind employees' account number master cards received from the Division of Old Age Pensions of the Social Security Board.) At the same time, the name and social security account number reported by the claimant is checked against the name and number on the master card and against the name and number reported by the employer. Only one matching operation is involved in this procedure.

3. On the basis of the wage record a determination of weekly benefit amount and maximum benefit credits is prepared. The results are posted on a claim record card for local office use. The claim record card and a copy of the benefit determination are sent to the local office. When the claimant comes in, he reviews his determination in the presence of the claims clerk and discusses the findings if he so desires. The claimant may decide to contest the determination immediately or within the next five days.

4. The claimant reports weekly to the local office as long as his unemployment continues until his benefit credits are exhausted. On each visit he signs a claim and the claim record card. At the

¹⁰ This may be a check mark in a box labelled "lack of work" or "other reason," a statement of the facts being included only if "other reason" is checked.

end of the first compensable week the local office converts the claim form—bearing signatures for waiting-period weeks and the week immediately following—into a pay order which gives the amount of benefit due the worker for the week. In preparing pay orders, the local office makes deductions for regular earnings in partial unemployment and odd-job or subsidiary earnings.

5. The pay order is sent to the central office where it is used to produce a check. The check is signed by the State Treasurer.¹¹ The central office then mails the check either to the claimant or to the local office.

The allocation of the various steps in benefit-claim processing between local and central office depends on the character of the functions performed in connection with each step. In general, initiating functions should be assigned to the local office and responsive functions should be allocated to the central office. This necessitates placing a high degree of responsibility in the local office and a high degree of discipline in the central office.

The vital step in this sequence, the valve regulating the flow of benefit payment, is the pay authorization. In all States, excepting New York, this function is performed by an administration mechanism known as the *pay order*.¹²

b. PAY-ORDER SYSTEM

The pay-order system is less a matter of procedure than of organization. Its use is conditioned by the characteristics of the mass of unemployed persons who constitute the *matériel* with which the administration of unemployment insurance is concerned. To a certain extent, the mass of insured workers is a homogeneous one, made up of similar parts; in other respects, it is an agglomeration of individuals presenting special and distinct problems. So long as the worker is fully employed, he is merely a part of the mass; his unemployment insurance status is easily dealt with in an impersonal way through employer reports to the central office of the unemployment compensation agency. When he becomes unemployed, he suddenly acquires the individualized status of a human being, subject to innumerable vagaries of fortune. The irregularities of his individual history then interfere with the smooth functioning of a mass-production process. He looks for work; he changes his address; he works one day and not the next day; he earns \$1.99 one week and \$2.01 the subsequent week; he deems employment at the hourly wage of fifty cents suitable but employment at forty-five cents an hour unsuitable; there are days on which he is feeling well and other days on which domestic problems may be causing him mental anxiety. He is subject to a variegated series of accidents which interfere with active and diligent pursuit of his unemployment insurance rights. Throughout all of this, he is an intensely

¹¹ In some States, the actual check may have to be signed by another agency of the State government.

¹² This system was later adopted in New York State.

interested participant in the novel and absorbing scheme of social insurance. He wants to know what his rights are; he wants to stand up for them, mostly by discussion only, but occasionally by means of a formal hearing; and he wants to feel that in all these transactions he is dealing with a responsible authority. Two things are thoroughly repugnant to him: first, the feeling that his claim is being "processed" in a mechanical and soulless manner by forces moving mysteriously somewhere beyond the orbit of his ken, and second, the feeling that he is being given the "run-around."

It is an axiom of unemployment insurance that each claimant for benefits presents an individual operating problem each week, the most satisfactory solution of which is obtained on the basis of a personal interview and immediate adjudication in the presence of the applicant. The pay-order system accomplishes this by combining four procedural steps into one document as follows: (1) certification of unemployment in a specified week recently elapsed, (2) certification of any wages which may have been earned in the course of the week, (3) claim for a specified sum of money due to the worker in benefits, and, (4) certification of the correctness of this claim by a representative of the unemployment compensation agency.

The document which embodies these four steps is variously known as "continued claim," "certification," "warrant," "pay order," "pay schedule," "notice of benefit due," etc. The designation does not affect the essence of the document. The form of the document also exhibits some variations. It may be a listing of names on a long sheet of paper, an individual slip of paper filled out in the local office, a printed form addressographed in the central office, or a punched card. The legal scope of the document may also run the whole gamut of fine jurisprudential distinctions. It may be an affidavit, a claim, a certificate, a quitclaim, or a receipt. For the purposes of the following discussion, it will be referred to simply as a pay order.

Two administrative tools are needed in the local office to make the pay-order system effective: first, the maintenance of a ledger for each claimant; second, direct contact with the sources of basic information.

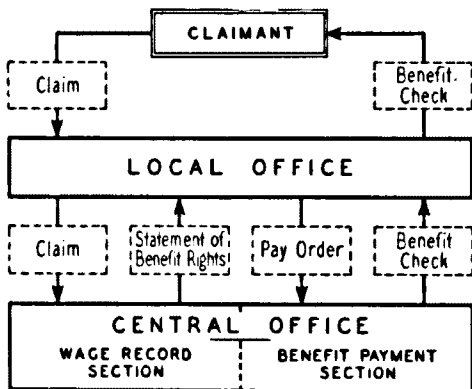
The maintenance of a ledger, showing potential benefit rights, waiting time accumulated, and benefit payments received, requires some bookkeeping aptitude on the part of the local office personnel and a thorough understanding of the benefit provisions of the Law. There are three primary sources of information—the claimant, the claimant's employer, and the central office wage record files. Handling the claimant requires a practical knowledge of social relations as well as of the principles of unemployment insurance. Contact with the employer may require merely the judicious use of printed forms but may, in some cases, bring into play capacities of a higher order. Basic information obtainable from the central office is limited to a transcript of the claimant's base-year earnings, a copy of the benefit computation, and a record of checks issued.

The local office being the responsible "agent," the central office assumes the duties of an obedient "relay." In addition to this, the central office may wish to institute a mechanism for the audit of local office ledger records. It should be stressed, however, that this is not necessarily a central office function and is not essential in the process of benefit payments. Where the administration of unemployment insurance is subject to audit by another State department, this function should be exercised by that department alone.

Under the pay-order system, the process of payment is simplicity itself. All pertinent information, such as the name, address, and benefit rate of claimant, is stated on the pay order received from the local office. It is necessary merely to reproduce this information on the check or warrant. An additional copy may be prepared for use as a "pay-order" blank for the next compensable week of unemployment. The technique of check reproduction may range from a simple typewriter or a manually operated listing and book-keeping machine to the addressograph or punch-card check writer. The diagram below presents the processing of a benefit claim under the pay-order system.

Under the pay-order system, the elements in the administrative process emerge in clear outline. On the one hand, there is the local office specializing in skilled tasks, such as public relations, bookkeeping, and interpretation.¹ On the other hand, there is the

PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS UNDER A PAY-ORDER SYSTEM



central office which, apart from the function of directing the local offices, performs essentially repetitive tasks, including the collection of employer contributions; the maintenance of insured workers' base-year wage records; the issuance of statements of benefit rights in response to the initial claim; the issuance of checks in response

¹ The concept of "discretion" within the limits of unemployment insurance administrative practice has not been adequately investigated; yet discretion is being exercised in local employment offices daily. Discretion is of two types; one involves an interpretation of the Law, the other its application in an individual case.

to the pay order; the maintenance of insured workers' benefit accounts.

The maintenance of accounts parallels ledger-keeping by the local office and hence is not an operating but a control or audit function. For this reason it should come at the end of the benefit-payment process rather than at its beginning, so that operations may not be delayed.

The five functions are mutually independent. They dovetail by a process of "delivery" rather than by a straight line or chain-flow sequence in which each successive step controls the next, as in a factory assembly line. The section which receives contributions delivers the money collected to the Unemployment Trust Fund, and that ends its responsibility. A wage-record section "delivers" a file of wage slips to a benefit-rights computation unit. A benefit-rights computation unit delivers a statement of benefit rights to the local office and also to an auditing unit for the purpose of setting up a ledger. A check-writing unit delivers the check to the claimant or to the local office and a check register or list of warrants to the State Treasurer or an auditing unit.

Such separation of functions makes for compact areas of administrative control. At the same time, the organization fabric may be interwoven and errors avoided by a multiple use of operating forms. Thus a claim for partial unemployment benefits may be at the same time a low-earnings report, a statement of benefit rights, and a pay order for the first compensable week. A copy of the claim may constitute the local office ledger. It would be tedious to venture further into this field of procedural technique, but it should be pointed out that economy of operations and accuracy of record-keeping are very likely to follow a well-balanced allocation of functions soundly worked out.

C. EARLY ADMINISTRATIVE SETTING

All States except New York were fortunate in starting with a benefit-payment system based on pay authorizations. This does not mean, however, that identical procedures for issuing pay orders existed in all States. A comprehensive analysis of different practices is not possible, but limited observation reveals wide variation in practice regarding the exercise of power to authorize payment. The power may be vested in the central office, as naturally occurs where the local office acts primarily as a transmitter of claims and the central office examiners are responsible for checking waiting period and determining benefits due. Or it may be vested in the local office where the local office decides whether the claimant is entitled to benefits after the central office has determined the benefit rate and duration. Ambiguous situations may exist in which it is difficult to determine where the power to authorize payment lies. But in no case is there any doubt that the machinery for benefit payments waits for its initial act until the authorization has been finally made and until—short of the discovery of a fraudulent statement—the agency is prepared to deliver a check to the claimant.

There was evidence of a well-marked tendency for the new unemployment compensation agencies to start with highly centralized systems. The main claim record was to be in the central office, this office to be responsible for reviewing each claim in light of the entire record. The central office was to receive low-earnings reports from employers and, in some States, separation notices. The assumption seems to have been that, if the local office provided the central office with a simple claim, the central office—on the basis of its records—could decide the eligibility of the claimant. It could determine the amount he should receive if eligible and proceed to make payment. The primary function of the local office would be to transmit the original claim and to advise the central office each week whether the claimant had established his right to continued benefits by appearing in person and testifying that he remained unemployed and was available for work. The early procedures suggest an attempt not only to achieve greater uniformity in basic decisions as to eligibility, disqualifications, etc., but to keep claimants out of local offices as much as possible in order that these offices might carry on normal employment service tasks.

The nature of the various decisions to be made before payments could be authorized, as well as the location of control over these decisions, was not clearly analyzed at the beginning. This is suggested by the procedural changes which were found to be necessary during the first year of benefit payments in the States visited.

Under less trying circumstances than those faced at the beginning of 1938, benefit payments might have been made with reasonable accuracy and promptness from the start. The unfavorable employment conditions and the unexpectedly large claim load, however, subjected initial procedures to a very severe test and immediately revealed certain weaknesses in acute form. The central offices could not, in the first month or two, keep up with the benefit determinations and claims processing that was required. Some States, indeed, did not clear the backlog of their claims until the second half of the year. Judging progress in terms of "peak" monthly figures—the peak usually representing the month in which the backlog of claims was reduced—it appears that three months after benefit payment began ten State systems managed to reduce their load of claims for total unemployment; within four months reduction began in three more States; within five or six months in three more; and in two States not until after seven or eight months had elapsed. The peak loads for partial unemployment benefit claims lagged several months behind those for total unemployment benefit claims.

Disentangling the knots in existing procedures in an attempt to speed up payments revealed two major weaknesses. First, the channels of communication were found to be entirely inadequate to satisfy legitimate inquiries of claimants regarding the status of their claims. Secondly, the handling of individually filed partial unemployment benefit claims¹ presented responsibilities which the

¹ See pages 128-138, for description of procedures in North Carolina for handling mass claims for partial unemployment benefits filed by the employer.

central offices were unable to assume; the matching of low-earnings reports against claims and the communication with employers necessary for effective follow-up were plainly beyond the capacity of existing central office staffs. The piling up of partial unemployment benefit claims which could not be cleared until low earnings were substantiated by employers' reports naturally increased inquiries, and this, in turn, made acute the need for adequate information at local offices about the exact status of each case.

Many local offices proceeded to maintain records as best they could. They kept notes on the back of claim cards, registration cards, or improvised forms. Therefore, when a claimant appeared, the claims clerk assured him that his claim had been filed, that pay orders for all his compensable weeks had been forwarded, and that checks would be forthcoming. In the cases of partially unemployed claimants, the clerks made unofficial notations of earnings from pay envelopes where they were available or from unverified statements when necessary. Central offices seemed to recognize the good sense of this procedure and provided the local offices with more adequate local office claim record forms on which certain information pertaining to a claim appeared in consolidated form. This form became the most important part of the permanent local office record.

The claim-record card provided in the local office usually contained a statement of the claimant's weekly benefit rate, maximum duration of benefits or total benefit credits, waiting-period registration, registration for all compensable weeks, and amount of low earnings during weeks of partial unemployment. The local offices continued to make notations of items for which no provision was made on the form, e.g., the balance of benefit credits at the beginning of a claim, the net amount of benefits due in partial unemployment cases, the amount of weekly earnings which would disqualify a claimant for partial unemployment benefit, numbers and dates of issue of checks for each compensable week, and prolonged waiting periods imposed as penalties when separation for reasons other than lack of work has been reported. Since the applicant for benefits wished to know from the claims clerk in the local office exactly what to expect and why, the claims clerk prepared himself for these inquiries by recording everything which might be of interest to the claimant on the claim-record card.

With improvement in local office records, there seems to have been a decrease in the number of communications going directly to the claimant from the central office. The initial determination, for instance, which some central agencies originally sent directly to the claimant, now usually reaches him through the local office. The claimant is asked to examine it in the presence of the clerk, to accept it by signing on the claim-record card, or to contest it.

A contested benefit determination is the first of a number of communications which the claimant may wish to have transmitted to the central office. The local office is then called upon to interpret to the central office the claimant's complaints about action by the central office on his claim. In the case of a benefit determination,

the claims clerk compares the central office record of wages given on the benefit computation form with the claimant's statement of previous employment and is usually able to explain the discrepancy.²

Inquiries which cannot be satisfied without reference to the central office are transmitted in verified form after checking with the local office claim record. Complaints about nonreceipt of checks are reviewed in the presence of the claimant; his benefit credits and claim record are analyzed. If a question arises regarding exhausted benefits, a review of several claims may be involved. What is sent to the central office is, in effect, the local office record of compensable weeks with a notation of checks received and not received. This verified "tracer" becomes a check on central office operations. If unverified complaints are transmitted and the central office ledger indicated that a payment has not been made, the central office may be required to search its files for a record of the claim, to check all items on this claim and possibly also on previous claims, and to prepare a report for the local office—a highly complicated and time-consuming task. In the end, the report may be inconclusive in that it leaves the claimant unsatisfied. The local office record, on the other hand, has been prepared in his presence; he knows what it represents; it contains his signature; he accepts its validity. There is a tendency on the part of the central office to accept its validity also, in the sense that payment is usually made when the local office has a record of a compensable week for which payment is due and the central office has no record of a payment being made. Basically sound procedures regarding the use of tracers are emerging.

Apart from verifying complaints, the local office record acts as a control on central office operations. As benefit payments begin to be made currently, the claims clerk reviews the record before the claimant appears for weekly registration, identifies claims on which central office action is delayed, and on his own initiative transmits tracers or even duplicate pay orders on delayed claims. This review of a case as a whole is essential to insure prompt payment and can be performed only in the local office. Central office operations are organized in accordance with the different stages of processing a claim, their efficiency is measured in terms of quantity production by particular units. Efficiency in terms of service to individual claimants can be measured by the central office only in terms of lag statistics. It can be improved only through local office pressure for action on particular claims. Omissions and errors in the processing of a claim are detected in the record in the local office by those closest to the facts of the case, namely, the claimant and the claims clerk.

Improvement in local office records and the allocation of responsibility in these offices eases the processing of claims but does not

² Where a list of employers is secured from the claimant at the time of filing the claim and quarterly wages by employer registration number are recorded on the benefit determination, this is a simple matter. A brief explanation usually avoids the necessity for review of contested claims by the central office. This is not possible under New York State procedure where the employment record is not given on the claim, and the notice to a claimant of his benefit right does not include an analysis of his quarterly earnings by employer registration number.

solve central office difficulties which arise from the nature of partial unemployment benefit payments. Essentially, the difficulty lies in the fact that the evidence required to establish eligibility for partial unemployment benefits is different in nature and more difficult to secure than that for total unemployment benefits. In the case of a totally unemployed person, once the fact of unemployment is established through the claimant's sworn statement and a separation notice and the proper waiting period has been served, regular weekly payments of uniform amounts can usually be made until the claim is closed or benefits are exhausted. Of course, in the case of persons part-totally unemployed, weekly benefit payments are reduced by the amount of subsidiary or odd-job earnings. Continued unemployment is proved by the claimant's sworn statement and contact with the Employment Service. To secure this information the cooperation of the claimant and the Employment Service is sufficient.³

The claimant for partial unemployment benefit, on the other hand, requires a different kind of proof to establish his benefit rights. Since his eligibility depends on having earnings in a particular week which fall below his total unemployment benefit rate,⁴ it is necessary to know current earnings before determining whether or not a claim is compensable. Only a report of earnings verified by the employer is acceptable in establishing a claim. To enable the agency to make payments when due, weekly reports of low earnings are required as long as partial unemployment continues. Securing compliance by employers to regulations requiring weekly reports of low earnings is the major administrative task faced by the unemployment compensation agencies in connection with partial unemployment benefit payments.

Since a low-earnings report is a wage record to be used in making deductions from the total unemployment benefit rate in order to determine what a partial unemployment benefit should be, early procedures generally provided for handling these reports through the central office. Various techniques were devised and tried out. The load imposed upon central offices varied in different States with the procedure adopted for securing low-earnings reports. Where the central office had assumed responsibility for securing reports and for matching them against claims, procedures seem to have broken down because the central office staff was unable to cope with the clerical task of matching claims and low-earnings statements, and with the task of following up employers who failed to send in reports. This responsibility was placed upon local offices because they could more easily contact local employers and could more easily assemble the reports and claims.

Even where regulations placed responsibility for securing low-earnings reports on the claimant by requiring him to take the claim to his employer, who was required to record the earnings and to mail the claim to the central office, a change in practice was found

³ Except for the separation notice which raises the same kind of problem, though in infinitely milder form, as the low-earnings report discussed below.

⁴ Some States add either a flat sum or a specified percentage to the weekly benefit rate as a premium.

necessary. Under these circumstances, the local office was unable to tell, in the event that a check did not come through, whether the delay was due to the central office or to the failure of the employer to turn in the report. Even though the check came through, the amount might be contested by the claimant who had not verified the employer's record of his earnings. The procedures studied show a tendency to transfer to the local office⁵ complete responsibility for securing low-earnings reports or other records of earnings so that the central office may receive a claim only when it is accompanied by all the information necessary to proceed with payment.

Whether delegation of responsibility to local offices has gone as far as it is likely to go is still uncertain. Opinion varies from State to State. On the strength of experience, local office staffs interviewed in preparation for this Report generally felt that the possibilities of further expediting the processing of claims through decentralization are almost limitless. Some central offices supported their views. The collecting of contributions, the assembling of wage records, and the making of benefit determinations are conceded to be functions best performed by central offices. But the entire processing of a claim, including payment, might well be decentralized with machines doing ledger posting and check writing in a single operation. Such proposals, however, seem to be still in the stage of pure discussion. No significant trend toward further devolution has been suggested by recent plans for changes in procedure.

d. ADMINISTRATION OF PARTIAL UNEMPLOYMENT INSURANCE BENEFITS

Without increased responsibility in the local office and introduction of the pay-order system in some form, it is doubtful whether reasonably successful administration of partial unemployment benefits during 1938 would have been possible in any State.

Under the present type of unemployment compensation law, the payment of partial unemployment benefits necessarily throws an additional load on the local office. By definition, a worker is "partially unemployed" when his weekly earnings fall below an amount equal or close to his total unemployment benefit rate. Only such "low-earnings" weeks can be counted as waiting weeks or as compensable weeks. But in our economic situation a partially unemployed worker may easily have intermittent non-creditable "high-earnings" weeks¹ which greatly complicate the handling of his claim. Whereas the claim of a totally unemployed worker terminates on reemployment, it may be desirable or necessary to continue the claim of a partially unemployed worker even if he experiences an occasional "high-earnings" week.

At any rate, the problem of handling a claim which does not behave uniformly each week is clearly outside the province of the

⁵ In the case of North Carolina, in connection with mass filing of partial unemployment claims, special deputies working through regional offices assumed this responsibility.

¹ A "high-earnings" week is not necessarily a week of full employment. It may be a week in which the worker earns in excess of from 50 to 70 per cent of his normal full-time earnings, depending on the definition of partial unemployment in his State.

central office, especially one organized on a mass-production basis. The partial unemployment benefit claim is best handled in the local office, where an elastic pay-order procedure permits individual adjustment. If the claimant reports earnings in excess of the total unemployment benefit rate indicated on his claim-record card, the local office interviewer may note the fact on the card but takes no further action. The claimant has failed to add to his waiting-period credits or has failed to qualify for benefits. In either case, the central office has no responsibility in connection with the claim.

The power of the local office to initiate pay orders for partially unemployed workers was more important in 1938 than it may prove to be in the future, with simplified waiting-period provisions. A claimant's eligibility depended not only on low earnings but usually also on his having satisfied a waiting-period requirement of four or six weeks of partial unemployment during a thirteen-week period.² Two or three "high-earnings" weeks might, therefore, result in a situation in which the worker could show only one and one-half waiting weeks in thirteen, instead of the requisite two or three weeks. He then became disqualified even though he met all other requirements. The handling of such contingencies was beyond the capacity of a central organization with highly mechanized equipment. It required regular weekly perusal of the record, preferably in the presence of the claimant, by a local office claims examiner. Without personal explanation the intricate provisions may lead to hopeless confusion of the worker.

Though simplification of waiting-period provisions is probable, it is significant that under the pay-order system the provision did not prove unworkable in 1938. Its administration resolved itself into a withholding of pay orders for weeks in which the records indicated an insufficient number of required waiting-period credits.

Benefit payment for partial unemployment presents a problem of small benefit checks made out for insignificant amounts. In one State, a check was made out for one cent; no doubt this incident was not unique. Small checks are inevitable under the partial unemployment benefit rate formulas embodied in the statutes of most States. For total unemployment the statutory minimum rates preclude small amounts for all but the last fractional checks, but the partial unemployment benefit rate must be the difference between the total unemployment benefit rate and earnings in the week of partial unemployment plus \$1.00 or \$2.00. There is nothing to prevent this difference from being a sum of a few cents, depending on the earnings. Under most statutes, the computed benefit amount, however small, must be paid the worker.

Nevertheless, it is absurd to set administrative machinery in motion to produce benefit checks of trifling amounts. The use of the pay-order system permits accumulation of small benefit amounts on local office records until a reasonable minimum is reached. In twenty-four States legal provisions authorize the agency to withhold benefit payment until \$2.00 had accumulated to the claimant's

² A week of partial unemployment counted as one half of a week of total unemployment.

credit within a period of thirteen weeks. Administrative regulation has accomplished the same results in some other States.

Benefit payment for partial unemployment involves more frequent contact between the unemployment compensation agency and employers than benefit payments for total unemployment. In the case of total unemployment, most business between an employer and the agency can be transacted through the medium of mailed forms. Compliance with requirements for separation notices has been relatively easy to secure; only if the employer's statement is contested, is it necessary for the agency to establish personal contact. In the case of partial unemployment benefit, however, there is need for more frequent contact and closer cooperation between the employers and the unemployment compensation agency.

In the first place, employers of partially unemployed workers must in some manner report low earnings of their employees every week. The large volume of such claims must be reviewed and checked before they go very far in the administrative machinery. The employer, for example, may fill out forms for partially unemployed workers who, nevertheless, are earning too much to qualify for partial unemployment benefit. If he continues to do this each week, he will contribute a great deal of unnecessary paper to the agency. The rejection, as well as the acceptance, of a claim involves administrative work. Under the complex legal definitions of partial unemployment, an employer might easily fall into this practice of filling out unnecessary forms, but a visit by a local office representative may set him straight. In any event, the local office succeeds in diverting this unnecessary paper from the central office.

In the second place, proper processing of benefit claims for partial unemployment requires a knowledge of employment practices in the locality. A totally unemployed man can come in on a Tuesday and, if he remains totally unemployed, will receive benefit for the week beginning the first Tuesday after the end of the waiting period. But it makes a difference on which day the partially unemployed claimant files his claim. To compute loss of earnings and the net amount of benefit due, the employer's payroll week and the compensable week should coincide. The date of a partial unemployment benefit claim needs to be adjusted to the claimant's payroll week. The situation is further complicated by the fact that pay-day usually occurs several days after the end of the payroll week, so that the employer's low-earnings report is necessarily delayed. It may not be available for presentation in support of a claim for partial unemployment benefits. It can be seen that a first-hand acquaintance with the practices of individual employers greatly facilitates the handling of partial unemployment benefit claims. The local office can communicate with the employer whenever a situation requires it.

In the third place, ostensibly correct but actually invalid partial unemployment benefit claims may often be detected if the local office and employer are in easy direct communication. Suppose a claimant who qualifies for benefit whenever his earnings fall below

\$16.00 per week, earns \$13.00 in a given week, refuses to accept one day's work, perhaps for illness, and voluntarily loses \$4.00. The employer may find it too difficult to keep track of such matters in his books but, where personal contact with a local employment office has been established, such information is easily transmitted by telephone.

The problem of explaining the unemployment insurance laws to the worker is much more difficult for partial unemployment benefits than it is for total unemployment benefits. In the latter case, there is one initial explanation. The statement of benefit rights is explained to the worker and thereafter he knows the rate of benefit he is entitled to receive each week. For the partially unemployed worker, however, in addition to the explanation given the totally unemployed person, it is also necessary to explain weekly variations in the benefit amount due him. The waiting-period provisions have been even more confusing; partially unemployed workers have been harassed by the fact that one week they may have waiting-period credits but the claim is declared non-compensable because of excessive earnings, and the next week their earnings are low enough to make them compensable but they no longer have waiting-period credits because the thirteen-week limitation has begun to take effect.

Under these circumstances, it is essential that the worker be able to secure definite satisfaction personally in the local office. The claim record in the local office implemented by the pay-order system makes such satisfaction possible. The worker recognizes his own card, which contains his signatures. He knows that the interviewer's statements are based on the information he has seen recorded, and feels, therefore, that he is receiving personal attention. The psychological value of the card should not be underestimated. It is the nearest equivalent that the State agencies can offer to the stamp book which is the embodiment of his benefit rights to the British worker. It prevents the claimant in the local office from acquiring a feeling that there is impenetrable mystery surrounding his benefit payment.

It seems generally agreed that effective processing of partial unemployment benefit claims entails the merging of partial and total unemployment benefit procedures. Partial unemployment benefit payments need not be segregated for handling under a distinct and independent system but should be processed at every step along with total unemployment benefit payments. There should be one benefit payment system or sequence, so that anywhere along the line there is little difference in procedure whether the claim is one for total or for partial unemployment benefit.

The pay-order system, accompanied by a high degree of local office responsibility, has lent itself readily to a merging of partial and total unemployment benefit-claims processing. A mark on the claim, "P" or "T," may indicate the "partial" or "total" unemployment nature of the claim. Computation of the net benefit amount in the local office by a deduction of low earnings or subsidiary earnings from the total unemployment benefit rate makes it

possible to fill out a pay authorization which is an order to the central office merely to make a benefit payment. The central office hardly needs to be aware of the type of claim.

It has been maintained in this Report that the adoption of the pay-order system is necessary for prompt and efficient payment of unemployment benefits, total and partial. This feature alone, however, is not sufficient to assure success in the payment of partial unemployment benefits. Other problems must be met that are peculiar to partial unemployment.

Studies made in six selected States³ reveal that administrators were confronted with a diversity of problems in connection with partial unemployment benefits. Few of these problems had been fully foreseen, and it may be expected that new contingencies will arise. Some difficulties have already been touched upon in the preceding discussion—the problems of coordinating the compensable week with the employer's pay week, of days of voluntary unemployment during weeks of partial unemployment, and of "high-earnings" weeks interrupting a period of partial unemployment. Many other problems remain. How should the administration handle "part-total" unemployment? Should any efforts be made to secure employment for partially unemployed workers? Should they even be registered for work with the State Employment Service? Is weekly reporting, at present a statutory requirement for both partial and total unemployment benefit, an adequate test of availability for work? What procedures are necessary and feasible for the peculiar difficulties presented by special groups, such as longshoremen, who customarily work for more than one employer during the week?

The six States, procedures in which are described on pages 88-160, do not afford a complete picture of all problems inherent in the administration of partial unemployment benefits. The study, however, furnishes at least a starting point for further inquiry that should precede the adoption of a plan for partial unemployment benefits in New York State.

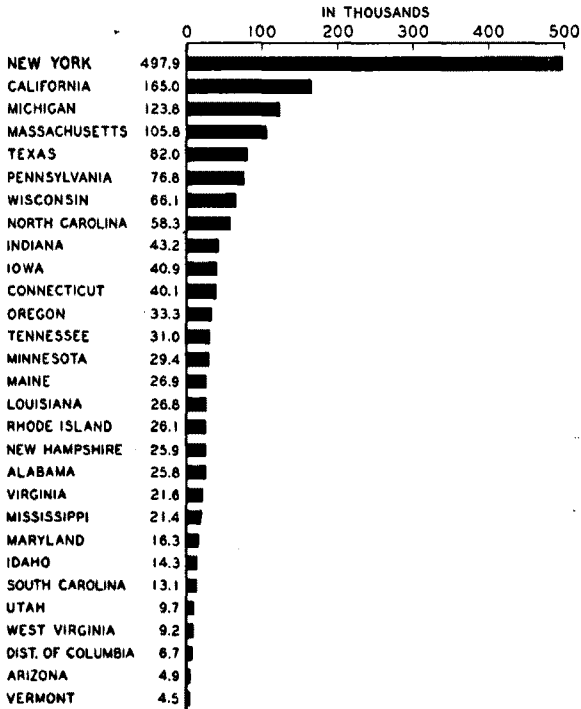
e. UNEMPLOYMENT INSURANCE BENEFITS IN THE UNITED STATES—
FOURTH QUARTER, 1938

The four charts immediately following present graphic comparisons of the benefit-paying experience of those States which paid benefit in the fourth quarter of 1938 for either or both partial and total unemployment.

³ See pages 88-160.

CHART 4

INITIAL BENEFIT CLAIMS IN THE UNITED STATES
STATES PAYING BENEFITS IN FOURTH QUARTER, 1938*

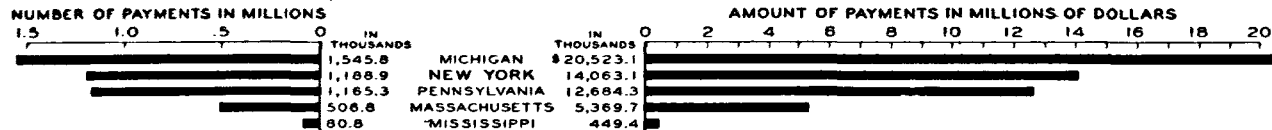


* NEW MEXICO AND OKLAHOMA BEGAN PAYMENTS IN DECEMBER 1938.

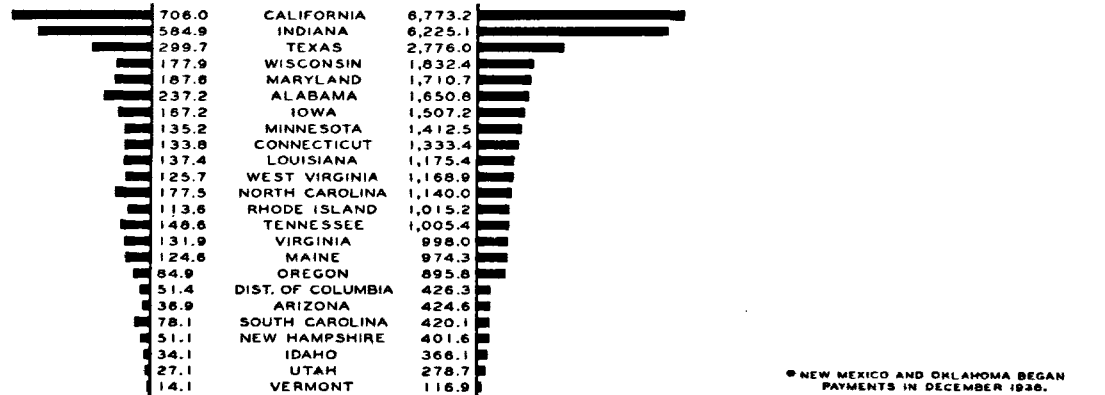
SOURCE - SOCIAL SECURITY BOARD

CHART 5
 UNEMPLOYMENT BENEFITS PAID IN THE UNITED STATES - FOURTH QUARTER, 1938

STATES PAYING BENEFITS FOR TOTAL UNEMPLOYMENT ONLY



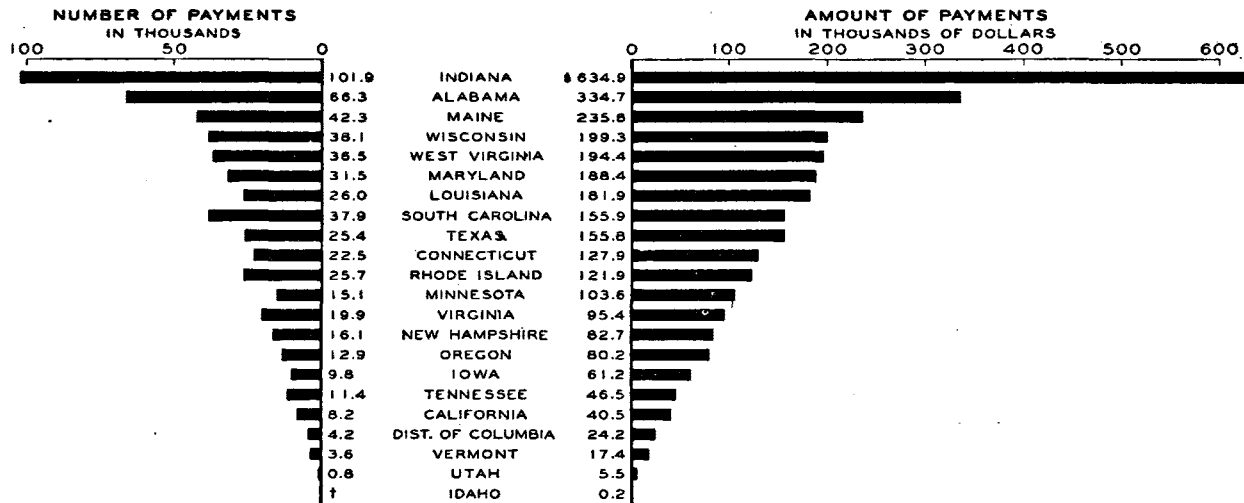
STATES PAYING BENEFITS FOR TOTAL AND PARTIAL UNEMPLOYMENT*



* NEW MEXICO AND OKLAHOMA BEGAN PAYMENTS IN DECEMBER 1938.

SOURCE - SOCIAL SECURITY BOARD; STATE AGENCIES OF CONNECTICUT, RHODE ISLAND AND VIRGINIA

CHART 6
PARTIAL UNEMPLOYMENT BENEFITS PAID IN THE UNITED STATES
STATES PAYING BENEFITS IN FOURTH QUARTER, 1938*

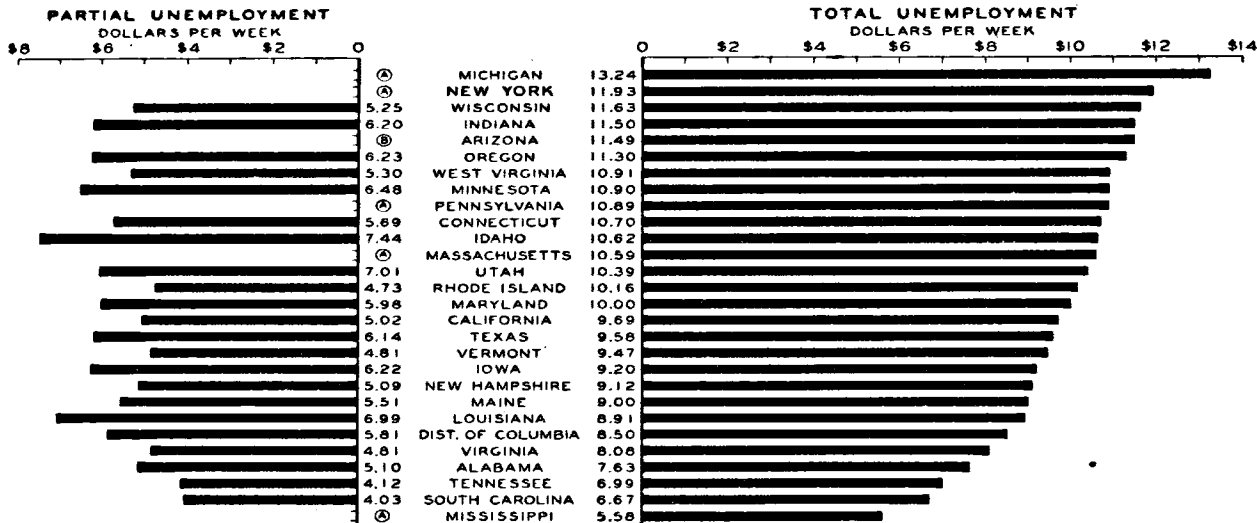


† ONLY 38 PAYMENTS.

* ARIZONA AND NORTH CAROLINA DID NOT REPORT PAYMENTS BY TYPE OF UNEMPLOYMENT;
 NEW MEXICO AND OKLAHOMA BEGAN PAYMENTS IN DECEMBER 1938.

SOURCE - SOCIAL SECURITY BOARD; STATE AGENCIES OF CONNECTICUT, RHODE ISLAND AND VIRGINIA

CHART 7
 AVERAGE WEEKLY BENEFITS PAID IN THE UNITED STATES, BY TYPE OF UNEMPLOYMENT
 STATES PAYING BENEFITS IN FOURTH QUARTER, 1938*



④ STATE DID NOT PAY PARTIAL UNEMPLOYMENT BENEFITS.

④ NOT AVAILABLE; A FEW PARTIAL UNEMPLOYMENT PAYMENTS INCLUDED UNDER TOTAL.

SOURCE - SOCIAL SECURITY BOARD; STATE AGENCIES OF CONNECTICUT, RHODE ISLAND AND VIRGINIA

* NORTH CAROLINA DID NOT REPORT PAYMENTS BY TYPE OF UNEMPLOYMENT;
 NEW MEXICO AND OKLAHOMA BEGAN PAYMENTS IN DECEMBER 1938.

4. CURRENT PROPOSALS RELATING TO PARTIAL UNEMPLOYMENT INSURANCE

The full significance of benefit payment experience in 1938 has not been quickly grasped by the interested public. This is not surprising in view of the fact that the experience is recent while public reports are so incomplete in character. Groups with an immediate interest in unemployment insurance, however, have expressed their reactions to certain basic features of existing legislation either in the form of opinions or as proposals for statutory revision. On the whole, all these groups—Federal and State administrative bodies, employer and employee organizations, and associations concerned with social welfare—have concerned themselves primarily with the entire benefit payment structure; only incidentally have they dealt with benefits for partial unemployment. But in this incidental consideration, the nature of the administrative problem and the major legislative alternatives are revealed.

The theoretical grounds for insuring workers against partial unemployment do not constitute a vital part of current discussions of the problem. The necessity for including partial unemployment benefits in any general scheme for unemployment insurance has seldom been challenged; it is either affirmed or taken for granted in recent proposals for legislative revision. Equity in treatment, economic need, and incentive to accept employment are recognized as compelling reasons for insuring against the risk of losing a substantial part of income as well as the risk of total loss of income. The acceptance of a broad point of view in this respect is to be attributed to the general inclination of States to follow provisions of the Draft Bills suggested by the Social Security Board. All but six States included in their initial legislation provisions for partial unemployment benefits. With the exception of Mississippi, which repealed its benefit provision for partial unemployment almost immediately, there has been no indication that experience is likely to lead to retraction. In the seven States which have not as yet included benefit payments for partial unemployment in their systems, it is apparent that exclusion is to be explained on administrative grounds rather than grounds of policy.¹ It is to be noted that among these States are some of the largest industrial States of the Union. None of these seven States intend to provide partial unemployment benefits in 1939.

The two major questions of administration and policy cannot be dissociated in analyzing current trends in opinion regarding partial unemployment benefits. In selecting a formula for determining the amount of benefit to be paid, administrative considerations are given at least equal weight as considerations of policy and at the moment are perhaps paramount.

Three types of provisions for determining partial unemployment benefits can be distinguished in the various proposals which are at present under discussion. The first is the determination of benefits

¹ See pp. 206, 234.

on the basis of loss of earnings, calculated and paid weekly. (In case of very small amounts, however, benefits are to be paid at longer intervals as soon as a certain minimum amount becomes due.) The second is a calculation based on loss of earnings but not on weekly loss of earnings; the loss is spread over a longer period, and payment is made at longer intervals. The third defines partial unemployment, in terms of loss of days of work, not of loss of earnings, amount of benefit is calculated on the basis of a daily rate of payment for time lost due to lack of work.

All three types of provisions are found in existing legislation. The first, based on a weekly loss of earnings, is the provision now prevailing in State laws. The second appears in the Michigan Law which calculates payment on the basis of a monthly loss of earnings. The third, providing payment based on lost time rather than lost earnings, is part of the Railroad Unemployment Insurance Act.

None of these proposals, therefore, represents legislative innovation. Nevertheless, extension of either of the two latter provisions would represent a major alteration in the present benefit structure of the State systems. The intent of such alterations and the effects they are likely to produce is revealed to a certain extent by the interests of their sponsors. A fairly distinct alignment of groups on the various proposals can be discerned.

Retention of the weekly loss-of-earnings formula for partial unemployment benefit payments is sponsored by the Social Security Board in its proposals for simplifying the State benefit systems. While the Board has suggested important revisions which will eliminate individual calculation of benefit rates, the statutory full-time weekly wage remains the foundation underlying the rate structure for all types of unemployment. For partial unemployment, the weekly loss of earnings remains the determining factor in fixing the benefit amount.

Administrative thinking in the United States appears to be rooted in the full-time earnings concept as the most equitable basis for fixing benefit rates. The original railroad unemployment insurance proposal of the Federal Coordinator of Transportation (which was not the one finally adopted by Congress) included as part of its scheme the payment of partial unemployment benefits on the basis of loss of earnings, calculated on the bi-weekly pay period which prevails in the railroad industry.

Labor groups, generally, have aligned themselves with the Social Security Board on this question. They have sponsored amendments to existing State legislation which would eliminate the present time-consuming individual calculation of benefit rates and would substitute for the present formula a table of weekly benefit rates for specified wage classes. The wage classes would be based on full-time weekly earnings. The partial unemployment benefit amount would depend on loss of earnings during a week of partial unemployment. If, during a week of less than full-time work, an employee earns less than the benefit rate for his wage class because of slack working conditions, he would receive a benefit equal to the

difference between the benefit rate for his wage class and his actual earnings for the week. Statements by the American Federation of Labor, the Congress of Industrial Organizations, and the International Ladies' Garment Workers' Union endorse statutory provisions to effect these changes.² The Consumers League of New York also advocates following the recommendations of the Social Security Board in these matters.³

The fact that the second type of formula resembles the first in using the concept of loss of earnings obscures the more important fact that it departs from the concept of full-time weekly earnings as the basis of the benefit-rate structure. In all the proposals which have been put forward the partial unemployment benefit amount is, mathematically, a function of the benefit rate for total unemployment. The equity or inequity which inheres in the benefit rate for total unemployment is also inherent in the benefit payment for partial unemployment. The type of benefit formula for partial unemployment which is based on loss of earnings for more than one pay period must be viewed also in light of the fact that its purpose and effect is to spread loss of earnings over a period of time so that a worker may not be insured against short spells of partial unemployment.

The present Law in Michigan straddles two viewpoints. Basically, it uses the full-time weekly earnings concept to calculate the total unemployment benefit rate. For partial unemployment, however, it uses a formula which spreads loss over a period of one month or four weeks so that a worker is not entitled to benefit unless in a four-week period his combined earnings are less than five times his weekly total unemployment benefit rate. Payment of benefits, as well as their calculation, is on the basis of a four-week period.

A proposal submitted by a group of employers to the Interstate Conference of Unemployment Compensation Agencies in 1938⁴ departs from the full-time weekly earnings concept and bases the benefit rate on annual earnings. The amount to be paid for partial unemployment is computed by calculating for individual employees the loss of earnings during a period extending over a calendar quarter. This proposal suggests a scale of weekly benefit rates for total unemployment to be determined by adding small varying sums (one or two dollars) for stipulated wage classes to 1 per cent of total annual wages earned in a fixed base year. This is a variant of the Delaware Statute which defines the benefit rate as one half of one thirteenth of one sixth of total earnings in the same period of eight or more calendar quarters. It should be noted that in its alternative provisions the Delaware statute follows the concept of the "mean weekly wage," that is, the average wage computed by dividing total annual earnings by fifty-two regardless of the number

² For excerpts from these statements, see pp. 225 ff.

³ For attitude of Consumers League of New York toward use of the compensable day, see discussion that follows and that on p. 232.

⁴ For excerpts from this proposal, see pp. 216 ff.

of weeks worked in the year and regardless of varying weekly wages resulting from alternation of weeks of full employment with weeks of partial unemployment.

The employers' proposal modifies the Delaware formula by providing a fixed bonus over and above the "mean weekly wage." This raises the benefit rate somewhat for the group of workers who had nearly full employment in every week of the base period. These will receive, under this proposal, more than the present rate of 50 per cent of their full-time weekly wage when unemployed. On the other hand, workers affected by a substantial volume of partial or total unemployment in the base year will receive less than 50 per cent of their full-time weekly wage in the course of their benefit year. This proposal is more favorable to steady workers, who will apply for unemployment insurance only infrequently, than to those subject to irregularities in employment, who are expected to receive some unemployment benefits practically every year.

This proposal provides that a worker be regarded as partially unemployed if he earns less than fifteen times his benefit rate in thirteen weeks. The benefit-rate table for partial unemployment implies the equivalent of a statutory waiting period of three weeks in each calendar quarter. As in Michigan, the occurrence of weeks of full or nearly full employment in the qualifying period tends to offset weeks of partial unemployment in the same period and to render them non-compensable. The effect of spreading the loss over a quarter, as against a monthly period, is to minimize further the amount of compensable partial unemployment.

Of equal importance are two administrative features of the above-described plan for partial unemployment benefits. Payments would be made only quarterly so that benefits might be received as late as four months after the loss of earnings occurred. Moreover, payments would be made directly by employers, a provision which seems inconsistent with the fundamental intent of the plan to diminish the responsibilities imposed on employers in existing legislative provisions.

The third type of provision which is proposed would compensate partial unemployment on the basis of days lost. The Railroad Unemployment Insurance Act, which uses this formula for determining partial unemployment benefit payments, represents a reaction against the type of provision in most State Laws. The Act was passed June 25, 1938, six months after some of the State systems were put into operation. It was defended in Congressional hearings by railroad executives and railway labor leaders, who preferred it to the plan of the Federal Coordinator of Transportation on the double ground of reducing administrative work by the insurance agency and reducing reporting requirements by employers.

Despite the sanction implicit in Congressional enactment, there seems little likelihood of further legislative adoption of compensation on a day basis during the coming calendar year. The provisions of the Railroad Unemployment Insurance Act, however, were not effective until July 1, 1939. After this Statute has been subjected

to the test of administrative enforcement and a basis is provided for comparing the relative merits of the different types of formulas, more wide-spread public reaction will undoubtedly be produced.

Where there has been an active search for alternatives which may be both administratively simpler than present provisions and equally liberal to workers, the principle of compensating days rather than weeks of unemployment has been selected as the best device for achieving this goal. Since the benefit rate for each wage class would be expressed as a daily rate to be paid for each day of unemployment, no special provisions for partial unemployment are necessary in this system. Adoption of the principle of the compensable day is proposed also by the Consumers League of New York if "it appears desirable and necessary" after further experience and in the light of careful study.

Underlying all discussions of possible changes in benefit formulas is a recognition of the fact that theoretical equity in rate base must be combined with administrative simplicity if real justice is to be achieved. It is now taken for granted that a maximum amount of uniformity in the treatment of benefit claims is an indispensable feature of an effectively administered system. This implies that the number of distinctions to interpret and to apply should be reduced to the minimum consistent in the essential equity.

State legislatures in session in 1939 are faced with a choice of alternatives in revising existing laws. Changes will be enacted in most of these States; some will be put into effect in the course of the year. A clarification of issues may be expected from the legislative controversies which are taking place. Administrative opinion is also more likely to become crystallized after another year's experience with benefit payment for partial unemployment. The result will be a richer body of information and opinion with which to formulate a plan for payment of partial unemployment benefits in New York State.

B. SPECIAL STUDIES

1. CASE STUDIES IN SELECTED STATES

A study of administrative procedures used in the payment of unemployment benefits during 1938 presents many difficulties. Throughout the year all State agencies have been engaged in continuous revision of major directives and procedural details at all levels along the manifold front of operations. Few agencies have taken the time to record the procedures originally adopted, and it is unlikely that written procedures have anywhere been kept up to date. In any event, the task of appraising the usefulness of recorded procedures is limited, since they fail to reveal the success or failure of the administrative experiments which they represent.

The experience of other States is of vital interest for the State of New York and for unemployment compensation throughout the Nation. Personal contact with the administrators of State agencies is the only avenue of approach to this information. It is impossible for the files of any central agency to reflect adequately this experience. It is difficult, if not impossible, for a central service staff to keep in touch with the far-flung National picture. The reports which follow are based on interviews with persons engaged in central and local office management, supplemented by statistical data and procedural details secured from forms and memoranda.

The six States visited by the Bureau's representatives—Connecticut, Maine, New Hampshire, North Carolina, Rhode Island, and Virginia—all handled a substantial volume of benefit payments for partial unemployment during 1938. Although they are comparatively small unemployment insurance jurisdictions (the total number of covered employees in all six combined amounting to only half of the coverage of New York State), each is among the leading States in terms of volume of benefits paid for partial unemployment. Despite complicated benefit formulas and the double task of compensating for both total and partial unemployment, these States have worked out effective procedures for benefit payments. The development has been along somewhat varying lines. On the crucial point of reporting low earnings for partial unemployment, New Hampshire, Rhode Island, and Maine are using the pay envelope or wage voucher as proof of weekly low earnings. Connecticut pays partial unemployment benefits on the basis of weekly low-earnings reports sent on request to the local office after the filing of a claim. North Carolina and Virginia offer experience with mass filing of claims for partial unemployment benefit.

Benefit payments for partial unemployment have not been made in 1938 by any agency with a central administrative organization comparable in size to that of New York. The only large industrial States which paid partial unemployment benefits in 1938 were Indiana and Wisconsin, which operate with individual employer-reserve funds. The States visited, however, have dealt with industrial units of all sizes and served both concentrated urban areas and scattered industrial towns. The ways in which compliance by

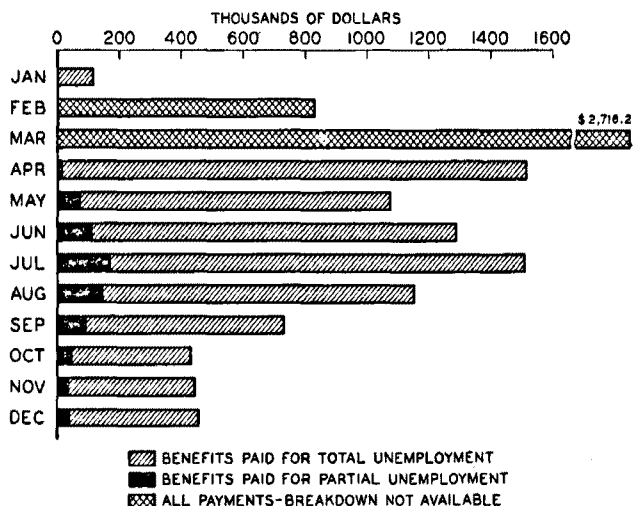
employers and comprehension by employees have been secured might be applicable also to New York. The responsibilities for achieving these ends, borne largely by the local offices, are not greatly magnified by the size of the jurisdiction or by the scale of operations at the central offices of the agency.

a. CONNECTICUT

The Connecticut unemployment compensation system was set up under an act of November 30, 1936.¹ The Law is administered by a division of the Department of Labor and Factory Inspection. The Commissioner of Labor is also Administrator of the Division of Placement and Unemployment Compensation. An executive director under him is in charge of both the employment offices and the Unemployment Compensation Division. Under this officer, separate directors administer the two services.

The Law covers all workers in establishments employing five or more persons. Contributions are paid into a pooled fund. After 1940, separate employer accounts will be maintained for merit-rating purposes. The accounts are to be credited with five sixths of an employer's contributions.

CHART 8
UNEMPLOYMENT BENEFITS PAID IN CONNECTICUT, 1938



Benefits are determined in accordance with a formula taken from the Social Security Board Draft Bills. They are calculated on a base year which consists of the first four of the last five completed calendar quarters, thus involving quarterly redetermination of

¹ Laws 1936, Special Session, Ch. 2.

benefit rate and duration on additional claims. The benefit rate is fixed at 4 per cent of earnings in the highest quarter in the base period. Statutory limits place the maximum benefit at \$15.00 weekly and the minimum at \$7.50 or 6 per cent of wages in the highest quarter, whichever is less. Benefit duration is limited to thirteen times the weekly benefit amount in four quarters or 12.5 per cent of wages in the first eight of the last nine completed calendar quarters. To qualify for benefits, wages in the base period must amount to at least twenty-four times the weekly benefit rate. Partially unemployed persons are entitled to benefits whenever their weekly earnings fall below their benefit rate for total unemployment due to lack of work. The benefit amount in such cases is equal to the difference between the weekly benefit rate for total unemployment and the earnings for a given week of partial unemployment, plus \$2.00.

Payment of benefits in Connecticut began on January 1, 1938. About 500,000 workers in establishments employing five or more employees are covered by unemployment compensation. During the year 1938, they filed 200,900 initial claims and 1,900,743 continued claims. The number of benefit payments was 1,215,492. Expenditures for the year amounted to \$12,253,900; of these, \$747,610 covered partial unemployment benefits.² Monthly fluctuations in benefit expenditures and the volume of partial and total unemployment benefits are shown on Chart 8, p. 88.

Industry in the State is characterized by geographical dispersion. This is reflected in benefit claim statistics which show that the five largest offices handled less than one half of the claim load in the State. Bridgeport, the largest office, handled only 14 per cent of all original claims filed; the offices in Hartford, New Haven, and Waterbury handled 10 per cent each; New Britain, 7 per cent. The remaining half of the load was distributed among fourteen other local offices in the State.

Industrial diversification is also characteristic of this State. The iron and steel industry group employed 10.3 per cent of all persons in covered employment during the first half of 1938; nonferrous metals—9.6 per cent; machinery—9.1 per cent; textiles—8.6 per cent; electrical manufactures—4.6 per cent; and apparel—4.5 per cent. These six industry groups combined employed 46.7 per cent of all covered workers. All other industry groups employed less than 3 per cent each of the total working population of the State covered by unemployment insurance.

More than four fifths of the benefits paid for partial unemployment during the last five months of 1938 were received by workers in the industries just enumerated. They account for 83.8 per cent of all benefit expenditures for partial unemployment and 85.3 per cent of the number of benefit payments for partial unemployment during this period. Employees in the iron and steel industry received 24.6 per cent of all benefit expenditures for partial unem-

² Statistics used in this section are based on unpublished figures of the Connecticut Division of Placement and Unemployment Compensation.

ployment; employees in the machinery industry, 16.1 per cent; in textiles, 12.9 per cent; in nonferrous metals, 12.0 per cent; in apparel, 11.9 per cent; and in the electrical group, 6.3 per cent. The average weekly benefit for partial unemployment in these industry groups varied from \$4.85 for workers in nonferrous metals to \$6.06 for textile workers. The weekly amount in iron and steel was \$5.38; in apparel, \$5.46; in electrical manufacturers, \$5.62, and in machinery, \$5.84. The number and volume of payments, by industry group, is given in Table 1, page 91.

Processing of Claims

Processing of partial unemployment benefit claims follows so closely the routines for handling claims for total unemployment benefits that a description of general procedure is necessary for an understanding of the administrative problems presented by benefit payment for partial unemployment. Significant revisions which have occurred in the course of the year form an essential background for an analysis of current procedure. Two changes which warrant special reference are the setting up of adequate local office claim records and the decentralization of responsibility for securing low-earnings reports in connection with claims arising from partial unemployment.

When the local employment offices started taking claims for benefits in January 1938, they served primarily as transmitting agents. It was contemplated that the central office would keep all the essential records, communicate with employers when necessary, and mail benefit checks to claimants. Local offices retained copies of all claims transmitted, received from the central office copies of all benefit determinations, and consulted registration cards of claimants which recorded their weekly visits. They had, however, no consolidated record of local and central office action on a claim. During the initial period, when an unexpectedly large claim load and untested routines made delays inevitable, the absence of adequate records made it impossible to answer the legitimate inquiries of claimants.

TABLE 1. PARTIAL UNEMPLOYMENT BENEFIT PAYMENTS, BY INDUSTRY GROUP
CONNECTICUT, AUGUST-DECEMBER 1938

INDUSTRY GROUP	BENEFIT PAYMENTS FOR PARTIAL UNEMPLOYMENT AUGUST-DECEMBER 1938		NUMBER OF BENEFIT PAYMENTS FOR PARTIAL UNEMPLOYMENT AUGUST-DECEMBER 1938		AVERAGE WEEKLY BENEFIT AMOUNT FOR PARTIAL UNEM- PLOYMENT	AVERAGE MONTHLY EMPLOYMENT JANUARY-JUNE 1938	
	Amount	Per cent of total	Number	Per cent of total		Number	Per cent of total
All industries — total	\$372,727	100.0	66,500	100.0	\$5.60	393,110	100.0
Construction	3,728	1.0	475	0.7	7.85	11,064	2.8
Manufacturing	338,333	90.8	61,370	92.3	5.51	243,212	61.9
Food and kindred products	1,797	0.5	276	0.4	6.51	6,272	1.6
Tobacco manufactures	13	—	2	—	6.50	514	0.1
Textile-mill products	48,011	12.9	7,922	11.9	6.06	33,784	8.6
Apparel and other finished products made from fabrics and similar material	44,447	11.9	8,134	12.2	5.46	17,629	4.5
Lumber and timber products	76	0.02	11	0.01	6.91	427	0.1
Furniture and finished lumber products	1,809	0.5	341	0.5	5.30	1,760	0.5
Paper and allied products	4,777	1.3	898	1.4	5.32	4,979	1.3
Printing, publishing, and allied indus- tries	2,037	0.5	282	0.4	7.22	7,182	1.8
Chemicals and allied products	2,452	0.7	380	0.6	6.45	6,961	1.8
Products of petroleum and coal	69	0.01	12	0.01	5.75	437	0.1
Rubber products	1,918	0.5	310	0.5	6.19	9,572	2.4
Leather and leather products	1,568	0.4	307	0.5	5.11	2,054	0.5
Glass, stone, and clay products	2,029	0.5	349	0.5	5.81	2,052	0.5
Iron and steel and their products	91,820	24.6	17,052	25.6	5.38	40,606	10.3
Nonferrous metals and their products	44,799	12.0	9,239	13.9	4.85	37,585	9.6
Electrical machinery	23,367	6.3	4,161	6.3	5.62	18,026	4.6
Machinery other than electrical	59,846	16.1	10,247	15.4	5.84	35,722	9.1
Automobiles and automobile equipment	1,194	0.4	172	0.3	6.94	548	0.1
Miscellaneous	6,304	1.7	1,275	1.9	4.94	17,102	4.4
Transportation, communication, and utilities	6,441	1.7	915	1.4	7.04	28,560	7.3
Trade	16,221	4.4	2,552	3.8	6.36	59,573	15.2
Finance, insurance, and real estate	1,107	0.3	147	0.2	7.53	22,914	5.8
Service	5,831	1.6	865	1.3	6.74	23,099	5.9
Miscellaneous and unclassified	1,066	0.3	176	0.3	6.06	4,688	1.2

SOURCE: Connecticut Unemployment Compensation Division.

The deficiency of records was felt especially in dealing with partially unemployed claimants. The early procedure in these cases required that, after a claim had been filed and the benefit rate determined, the employer be requested to send weekly reports to the central office so long as earnings continued to fall below the specified benefit rate. The local office sent signed claims for partial unemployment benefits to the central office. There the claims were matched by low-earnings reports from employers. When these reports indicated earnings which made the claim compensable, a check was presumably sent to the claimant for the amount due. The central office, however, was unable to cope with the problem of matching reports and claims and following up employers who failed to report. Payments to partially unemployed claimants fell into arrears. When such claimants reported that no checks had been received, the local offices could not explain whether the employer's failure to report or the inability of the central office to process the claim had caused the delay.

To avoid futile tracers and duplicate claims, many local offices improvised claim records on their own initiative, recording all weekly registrations and earnings in weeks of partial unemployment. This temporary expedient was not long required. The central office was prompt in recognizing the difficulty and remedying it. Early in March new claim forms were issued which provided for a consolidated claim record and, in effect, decentralized record keeping on active claims.

The decentralization of claim records was followed at the end of March by allocating to local offices all responsibility for securing low-earnings reports for claims for partial unemployment benefit. Thereafter, local offices received reports and matched them against claims. Pay authorizations were then prepared and, with low-earnings reports attached, were forwarded to the central office.

These two major changes defined the division of functions between local and central offices and formed the basis of procedures for processing claims for the rest of 1938. Other alterations which occurred were minor in character and did not involve major changes in the allocation of responsibility.

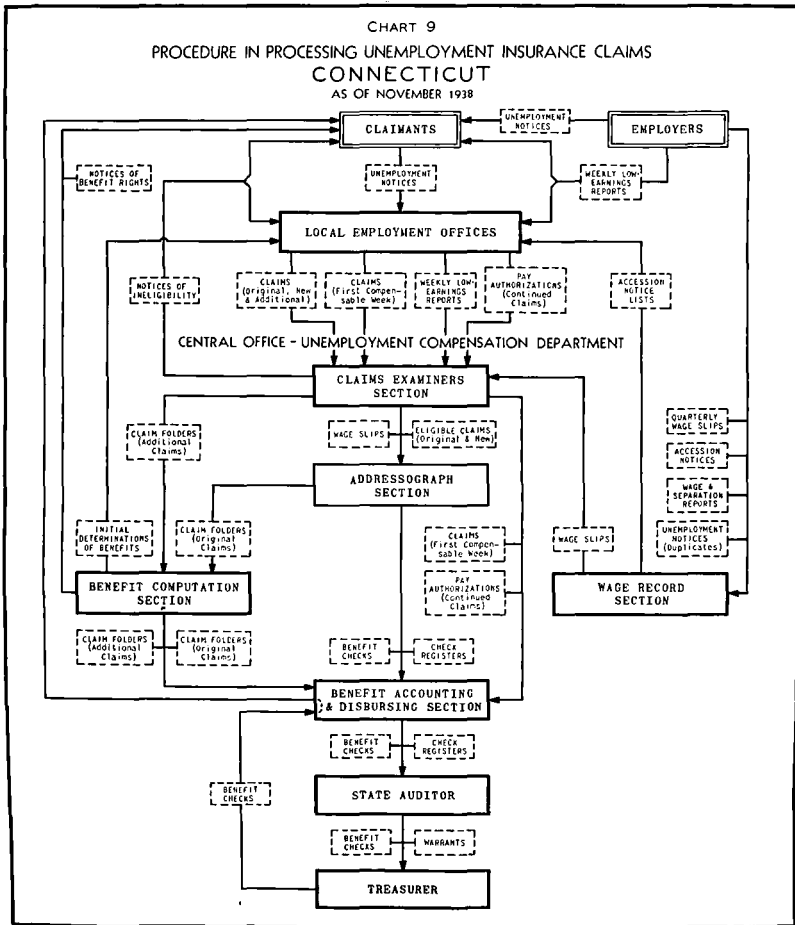
Chart 9, facing this page, describes graphically the procedure in processing claims in Connecticut as of November 1938.

Local Office Procedure

The revised claim forms introduced in Connecticut in March 1938 are ingenious but rather intricate. They consist of an original claim form, prepared in triplicate, and a large fanfold application which serves as a continued claim and claim record for the entire duration of the claim.

When a person files a claim for the first time in a benefit year, an original claim form is prepared for him in triplicate. The first copy is sent immediately to the central office, where it serves as a request for a benefit determination. The two copies retained by

CHART 9
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 CONNECTICUT
 AS OF NOVEMBER 1938



the local office are inserted in a folder prepared for the claimant's record and placed in the file of active claims on the desk of a receptionist. Thereafter, when the claimant appears in the course of his weekly reporting, he secures from the receptionist the folder containing his claim record and reports to an insurance interviewer.

Beginning with the claimant's second visit, the fanfold application is used to register his claims. The first sheet contains signatures during the waiting period and for the first compensable week. When the initial determination of benefits is received by the local office from the central office, the amount and duration are posted on this sheet. At the end of the first compensable week the top sheet is removed, the second copy of the original claim form is attached and sent to the central office as the first pay authorization in connection with the claim. The local office retains the third copy of the original claim form and the carbon copy of the claim for the first compensable week which is automatically prepared on the upper half of the second sheet of the fan fold form.

Thereafter, as a claimant appears with his claim folder to file a claim, the interviewer removes the remaining two sheets of the fanfold form, and on the third page (making a carbon copy for the local office on the reverse side of the second page) the claimant signs for each compensable week served.

The continued claim form itself is not sent to the central office as a pay order. All the continued claims which are compensable are removed from folders and laid in a basket for pay-authorization purposes. Twice a week these are sorted by social security account number and lists of pay authorizations are prepared for transmission to the central office. The forms are then replaced in the claim folders on the receptionist's desk, ready for use at the time of the claimant's next visit.

Persons filing requests for additional claims go directly to the receptionist's desk. The claimant secures his previous claim record, drawn from the inactive file, and then takes it to an insurance interviewer. The record of the previous claim is reviewed to determine whether a new waiting period must be served, whether waiting-period credits are available, and whether a new benefit determination (based on subsequent calendar quarters) is required. An additional claim form is filled out and sent to the central office immediately. There a new determination of benefit rights is prepared, if necessary, and a copy is sent to the local office. From this point on, the procedure for additional claims is identical with that for original claims.

The filing of additional claims during periods of intermittent unemployment is avoided by holding all claims open for two weeks after a claimant has failed to report. This means that the folders are retained in the active file during this period. If the claimant should reappear within this time, the folder he takes to the claims clerk will contain his recent claim form. Unless a new waiting period needs to be served, his claim is simply stamped "reopened"

and is included immediately with compensable continued claims for pay authorization.

Before a claim can be processed, the claimant must present a notice of unemployment prepared by the employer, indicating when separation from employment occurred and the reason for separation if other than lack of work. If the employer has failed to provide the employee with a copy of a notice of unemployment, the claim is taken, nevertheless, but the notice must be secured before a pay authorization can be prepared. The local office will communicate with employers where necessary to secure compliance with requirements for providing employees with such notices. When the employer reports voluntary quitting of work, discharge for misconduct, existence of an industrial dispute, or other reason which may involve the imposition of a penalty, the claimant may contest the employer's statement. He is then referred to a local office deputy. On the basis of the claimant's statement and a statement of facts by the employer, the deputy renders a decision which is attached to the claim record. Any penalty imposed is applied to the claim, unless the claimant wishes to appeal from the decision.

The procedure just described applies to claims for both total and partial unemployment benefits. Identical forms are used and there is no segregation by type of claim either in the claim file or on the pay-authorization lists. The processing of partial unemployment benefit claims, however, can not be completed until the local office has secured an employer's report of earnings to substantiate the claimant's statement regarding his wages.

In Connecticut, the local office has sole responsibility for securing these reports. All claims for partial unemployment benefits are flagged as such to facilitate follow-up work. As soon as the benefit rate for total unemployment in these cases has been received from the central office, a notice is sent to the employer requesting him to report weekly the earnings of specified employees as long as these earnings continue to fall below the benefit rate indicated on the request. Employers are kept supplied with printed forms to be used for this purpose. The reports must be prepared in duplicate, one to be given to the employee, one to be sent to the local office. As the returns come in to the local office, they are sorted by social security account number and attached to the claimant's record. The benefit claims for partial unemployment are reviewed frequently and, as they approach the compensable stage, second requests are sent out where necessary. If no reply is received within a few days, the information is secured by individual form letter or telephone.

The earnings recorded on the report are posted on the claim form and the claimant testifies to the correctness of the figure by his signature. By the time the partial unemployment benefit claim becomes compensable, the low-earnings report has usually been received. The claim, with the earnings report attached, is referred with other claims to the claims examiners in the local offices for pay-authorization purposes.

Before payment by the local office is authorized, all claims, both for partial and total unemployment benefits, are reviewed by the local claims examiners who check on the completeness and accuracy of details—waiting-period requirements, imposition of penalties, and low-earnings evidence. Original claims, additional claims, and claims for the first compensable week are sent to the central office, accompanied by transmission lists. Partial unemployment benefit claims for the first compensable week must have low-earnings reports attached or a statement indicating that verification by the employer in some other form was secured. Continued claims are retained by the local office; and only a list of pay authorizations is transmitted, giving the social security account number, name of claimant, and weekly benefit amount. Where the claim concerns a case of partial unemployment, the earnings for the week are posted. Either a low-earnings report or a statement that the earnings were properly verified must accompany the pay authorization. Claims involving subsidiary earnings during a period of total unemployment are handled under a procedure identical with that for partial unemployment on a regular full-time job. Statistically, these cases are included with cases of partial unemployment.

The claim record in Connecticut gives the interviewer a statement of a claimant's benefit rights at the beginning of a claim and a complete record of weeks for which he is entitled to compensation. The local office has no record, however, of payments made, because checks are mailed by the central office directly to the claimant. If a question arises regarding the receipt of checks or the balance of benefit credits, the local office prepares a tracer listing all pay orders transmitted in connection with the claim. The central office notes on the tracer a list of checks issued. If the central office has not issued checks for all compensable weeks, it will do so on authorization by the local office. The rare omissions which have occurred usually refer back to the early period of the year when procedures had not been perfected and a backlog of claims existed. Complaints are usually filed late in the year when notice is given that benefits have been exhausted. The local office record serves as a control to indicate when claims for benefits were filed and when pay orders were issued.

Where the record indicates that checks have been issued and the claimant still reports that not all checks were received, the local office requests that the cancelled check file be consulted. If a cancelled check is found, the central office usually secures expert comparison of signatures. In this way, a number of fraudulent cashing of checks has been uncovered.

Since the backlog of claims has been eliminated, the local offices have been making an internal audit of all claim folders. Some errors have been discovered and adjustments made both for underpayment and overpayment; on the whole, fewer errors have been found than were expected. A further check on local office accuracy will be available when the central office checks its claim files against the employee ledgers. The administration is conducting this audit

before preparing the analysis of benefit payments which will determine contribution rates when the merit rating system goes into effect after 1940.

Central Office Procedure

Central office procedure in Connecticut is characterized by a minimum use of mechanical equipment and almost complete dependence on forms filled in by hand. As a result of experience, mechanical aids were decreased rather than increased. Calculators, originally used for benefit computation, were replaced by charts, on which the necessary multiples can be located more quickly than they were calculated by machine.

The central office records contain two major files: the wage records used for benefit determination and the claim folders containing all papers relating to a particular claimant, used for making benefit payments.

The wage records consist of individual quarterly wage slips³ which are prepared by employers in accordance with regulations for quarterly payroll reporting. As the wage slips are received, they are totaled and checked with a summary of the payroll which accompanies them. The summary is then checked against the payroll figures given in the quarterly report of employer contributions. After this preaudit, the slips are sorted by social security account number with the aid of a mechanical sorting device and filed. In the process of filing, slips with an incorrect social security account number are detected by comparing the name on the slip with the name on the guide card which has been taken from the Baltimore Numerical Index.⁴ Such slips are corrected either by reference to the Baltimore Alphabetical Index⁴ or to the employer.

In addition to the quarterly wage slips, the wage record files contain accession and unemployment notices and, for certain employees, wage and separation reports.⁵ The accession notice, a report by an employer giving the date on which each worker is employed or reemployed, is designed for the double purpose of checking on the completeness of a wage record and on the stopping of a claim for benefits. The check on benefit claims is accomplished by having the clerks who file the notices take from the guide card the local office number which is recorded whenever slips are withdrawn in response to a claim. A report is then sent to the local office listing persons who have filed claims through that office and giving the date of reemployment. The unemployment notice is prepared in duplicate whenever an employee is laid off and gives reasons for as well as date of separation from employment. One copy is given to the employee to take to the local office to substantiate his claim for benefits; the other is sent to the central office where it serves as a check on completeness of the wage record.

The Wage Record Section handles not only the processing of the

³ A reporting device which originated in Connecticut.

⁴ File of employee account numbers maintained by the Social Security Board.

⁵ For further reference to wage and separation reports see below, pp. 102-103.

may be necessary to secure a satisfactory wage record. The Connecticut form for an original claim calls for a complete enumeration of all covered employers in the base period. If the wage slips on file do not correspond with the employee's statement on his employment record, the Wage Record Section checks employers' registration lists, addresses special form letters or individual letters to employers, orders a payroll audit, or takes other appropriate action to verify the completeness of the claimant's wage record. If the search for additional information leads to time-consuming investigation, an incomplete wage record may be transmitted for benefit determination in order to insure benefit payment when the claim becomes compensable. If additional wage credits turn up in such cases, the Wage Record Section forwards the information so that the benefit amount can be recalculated and an adjustment made on past benefit payments.

The wage record file is the repository only of unused wage records. Once the wage slips are withdrawn for benefit computation in connection with a claim which has been filed, they are retained in the claimant's claim folder and become a part of the individual's permanent claim record.

All information pertaining to individual claims is kept in the claim file. It is arranged by social security account number in folders for each person, rather than for each claim. A claim folder contains the wage record of a claimant with wage slips attached, his initial determination, any redetermination or recalculation that has been made of his benefit rights, the Record of Benefit Payments (the employee ledger or form on which are entered all data as to waiting period, benefit rate, etc.), copies of all claims that have been filed by him, and any special correspondence or other papers regarding his claims. So long as a case remains open, the entire claim folder is kept in the active file. When a claim is closed, the entire folder is transferred to the inactive file. If it should be reopened, the folder is pulled again and used in the active file. Responsibility for the claim folders files is vested in the Claims Examiners Section.

The processing of a claim in the central office involves the work of four separate administrative units. Three of them, dealing with decisions regarding eligibility and the determination of benefit amounts, are under the supervision of the Director of the Benefit Section. These include the Claims Examiners Section, the Wage Record Section, and the Benefit Computation Section. The fourth administrative unit, dealing with the actual payment of benefits, constitutes the Benefit Accounting and Disbursing Section and is subject to supervision by the Chief Accountant, who is responsible also for collection of contributions and auditing. In addition, an addressograph section performs various functions in connection with the processing of claims.

All claims are received in the Claims Examiners Section. Original and additional claims which may require computation of benefits

are kept segregated from claims for the first compensable week and from continued claims after the first compensable week. For original claims, the claims examiners, after checking the details for completeness and accuracy, secure from the Wage Record Section all the wage slips applying to the claim. The wage record is examined to determine whether the claimant has sufficient wage credits to make him eligible to benefits. If he is ineligible, a notice is mailed at once to the claimant and to the local office. If he is eligible, claim and wage slips are sent to the addressograph section. There addressograph plates are prepared for all claimants. They are used to prepare a daily register of claims and to head up the claim folder and a series of forms. The entire folder, containing the forms, is sent to the Benefit Computation Section.

To handle additional claims, the claim folders in the closed claim file are required. These are pulled and the previous claim records are examined to see whether a new wage quarter has come into play since the last determination of benefits. If redetermination is necessary, wage slips for recent quarters are secured from the wage record file and are inserted with the claim in the claim folder.

Continued claims come to the Claims Examiners Section in the form of a pay-authorization list prepared biweekly in the local office. The list, arranged by social security account number, gives the names and social security account numbers of all claimants and their weekly benefit amounts. For partial unemployment benefit claimants, it lists low earnings for the week. Employers' low-earnings reports are attached. After checking the posted figures with the figures on the reports, the reports are detached and the pay-authorization lists are sent immediately to the Benefit Accounting and Disbursing Section to be processed for payment. The continued claim form does not accompany the pay authorization to the central office. The consolidated claim form used in Connecticut for the entire duration of a particular spell of unemployment, including both total and partial unemployment, is retained in the local office until the claim is closed, when it is sent to the central office for review by the claims examiners. After its examination, the claimant's folder is removed from the active file, the record of continued claims is inserted, and the folder is then transferred to the inactive file.

All eligible claims requiring a determination or a redetermination of benefits are sent to the Benefit Computation Section. Original claims are received from the addressograph section in folders containing, in addition to the claim and wage slips, a set of blank forms uniformly headed up. The initial posting of wages during the base period on the Quarterly Wage Earnings Record and totaling of the wage credits is performed by an adding machine operator in the Benefit Computation Section. Subsequent posting of wages on the wage record for purposes of redetermination in additional claims is done by hand. The computations of weekly benefit amount and duration are made by locating multiples on specially prepared charts and recording them on the Initial Determination of Amount

and Duration of Benefits or the form for redetermination of claimant's benefit duration. All computations and postings are reviewed by checking clerks.

Before the claim folder is turned over to the Benefit Accounting and Disbursing Section to await a pay order, the benefit amount and duration and the rate of determination are posted on the Record of Benefit Payments (the form on which are entered all data as to waiting period, benefit rates, etc.) which is left in the folder, and also on notices which are mailed to the claimant and to his past employers. Duplicate copies of the determinations are sorted by local office and mailed daily.

If additional wage information is disclosed relating to a person whose benefit rights have already been determined, the Benefit Computation Section recalculates the benefit amount and duration. Recalculations may result from investigations by the Wage Record Section; they usually arise, however, in connection with the reporting of annual bonuses which must be broken up into quarterly figures and added to the wages reported on the Quarterly Payroll Report. The revised determination is referred to the Benefit Accounting and Disbursing Section for adjustment.

Benefit payments are completed in the Benefit Accounting and Disbursing Section. The claim folders for original, reopened, and additional claims are delivered by the Benefit Computation Section to pre-listers in the Benefit Accounting and Disbursing Section. For continued claims, pay-authorization sheets are sent to pre-listers by the Claims Examiners Section. The pre-listers prepare registers of payments authorized from information on the Record of Benefit Payments in the claim folders. The postings on the registers are totaled and a copy of the register is sent to the addressograph section for the preparation of the official check register. The entire file of folders for compensable claims is then taken to a bookkeeping machine operator, who makes entries simultaneously on checks, the Record of Benefit Payments, and on a large bookkeeping sheet. The operator posts the previous balance, the weekly benefit amount, and, for partial unemployment benefit claims, the low earnings. The machine subtracts the low earnings, and records the net amount due and the balance of benefit credits. On both the Record of Benefit Payments and the bookkeeping sheet, the name, social security account number, and amount due are recorded in the same operation. The totals, accumulated by the bookkeeping machine, are checked with totals secured by the pre-listers. The correctness of entries for partial unemployment benefit payments is automatically checked by adding the total amounts paid to total deductions and comparing this with the total for the weekly benefit amount column.

A check-writing machine is used to fill in the amount of check and the check number. These entries are made at the same time on three copies of the check register and a carbon of the bookkeeping sheet. Two copies of the check register go to the Comptrollers' office and one is kept on file in the Benefit Accounting

and Disbursing Section. The check registers are used to prepare official warrants which are sent with the checks to the State Treasurer for signature. The signed checks are returned to the Benefit Accounting and Disbursing Section and mailed to claimants.

Procedures for Handling Mass Lay-Offs

Connecticut has experimented with simplifying the handling of claims arising in connection with mass lay-offs. Originally, a general use of mass lay-off procedures was contemplated. After a limited experience, however, the administration concluded that, when claims became compensable and claimants were required to testify to availability for work by registering for employment, the procedural details could be most easily cleared in the local office. The problem of handling large groups of claimants on the local office premises without causing undue congestion has been handled effectively by rigorous staggering of appointments.

Local offices are usually advised when a mass lay-off occurs and prepare themselves to handle large groups. Attendants are assigned to the waiting lines and claimants are given appointment cards punched at five-minute intervals. When the claimant appears at the appointed time, his claim is dated as of the day on which he received the ticket. The claim is cleared in a few minutes. At times of unusual pressure of work, persons are not admitted to offices in advance of their appointments and lose the appointments if they fail to appear. In New Britain, a metal-trades town, eight large factories, employing from 500 to 4,000 persons each, are all subject to the same periodic employment. The small office in this town has handled over a thousand claims a day on an individual filing basis with time strictly scheduled, without long waiting lines. The average time a claimant spent in the building was not more than eight minutes. In periods when pressure is not so great, appointments are made for a given hour; in some of the larger offices, for a given day. Where necessary, the end days of the week and certain hours of the day are reserved for taking claims for partial unemployment benefits.

In the case of brief lay-offs for periods of less than two weeks, special permissive procedures are in effect. They were first put into practice in anticipation of summer shutdowns without pay. They are frequently used also in shutdowns for inventory purposes. At first, employers were allowed to send in lists of persons who were to be laid off. These lists, coming in payroll order or no order at all, were very cumbersome to handle. The procedure was then revised, requiring employers to report on a special card, giving name of employee, social security account number, date of shutdown, and expected date of reopening. Individual employees are given printed notices advising them that employers have filed cards which will protect their waiting-period credits and requesting them not to go to the local employment office unless the shutdown extends beyond two weeks.

The procedure can be used only by special permission of the regional supervisor or local office manager. The cards are issued and retained by the local office. They constitute waiting-period credits available for a thirteen-week period. Claims clerks in the local offices must be familiar with the concerns which have had mass lay-offs and know at once whether a claimant probably has an accrued waiting period. As they are required, the cards are drawn from the mass lay-off file and attached to the claim record as evidence of the serving of waiting-period weeks. Cards not so used are destroyed at the end of three months.

From the employer's point of view, this procedure reduces reporting by substituting a single mass lay-off card for the separation and accession notices which would otherwise be required. From the point of view of the administration, the use of the cards eliminates the taking of claims which would not reach the compensable stage and makes unnecessary the determination of benefit rate for these employees. No further use of special mass lay-off procedures is contemplated at the present time.

Problems Involved in Benefit Payment for Partial Unemployment

When Connecticut started to pay benefits it found almost at once that its procedures for partial unemployment benefit claims were unworkable. The difficulty lay primarily in centralization of the responsibility for securing and processing low-earnings reports. After this task had been assigned to local offices, under procedures already described, the processing of partial unemployment benefit claims was greatly expedited. Not all employers complied promptly with reporting requirements. Large employers, on the whole, have accepted the necessity of regular weekly reporting during periods of slack work. Some difficulty still arises with small employers who have inadequate bookkeeping facilities, but administrative persistence has invariably yielded results. It has been a policy in this State not to require employees to assume any responsibility for securing low-earnings evidence.

Automatic low-earnings reports (sent in by the employer whenever persons become partially unemployed) have been considered by the administration in connection with mass procedures for handling claims arising from partial unemployment. It was decided, however, that they would involve predetermination of benefit rate for too many persons who might never become eligible, at least in the quarter for which the benefit determination was applicable. For this reason automatic reporting of earnings for all partially unemployed persons has not been adopted. No essential change in procedures for reporting low earnings is contemplated for 1939 although procedures in some respects are being thoroughly overhauled and simplified.

Several changes affecting partial unemployment are under consideration but these are substantive rather than procedural. The cumbersome waiting-period provisions, requiring four weeks of

partial unemployment in a thirteen-week period, are awkward to handle. Considerable searching through a mass of paper in the claim folder is necessary to determine whether waiting-period credits exist. A special calendar with a sliding rule and a thirteen-week table have made accurate and rapid decisions possible. The desirability of simplification, however, has given additional support to the argument for liberalizing the Law by reducing the waiting period to one or two weeks in the year. A change to this effect is endorsed by the administration.

The questions of establishing a minimum amount for checks and of the advisability of retaining the \$2.00 allowance above the benefit rate are also being raised. Since persons are not eligible for partial unemployment benefits if they earn more than their benefit rate and a \$2.00 allowance above benefit rate is provided for partially unemployed persons, checks always exceed \$2.00. Specific recommendations for a higher minimum have not been formulated. Although some saving might result from accumulating partial unemployment benefits until a larger amount was due, it was the opinion of the administration that the minimum should be low in order to accomplish a major purpose of the Act which is to provide a regular minimum income weekly. The real complaint in this respect has been the tendency to manipulate earnings so that they would fall just below the benefit rate and thereby entitle employees to the two-dollar bonus. Dropping the allowance is under consideration.

The problem of adjusting the compensable week (which is dated in accordance with the filing of a claim) to the payroll week of the employer was solved by using as a due date the payroll day nearest the day on which the claimant actually files. The claim is post-dated if the last payroll day was three days ago or less, and ante-dated if more than three days ago. No change in this respect is proposed.

In handling claims no distinction is made between periods of slack work on a regular full-time job and odd-job or part-time earnings during periods of total unemployment. It is hard to estimate how much of the difficulty in securing low-earnings reports arises from a conscientious attempt on the part of the local office examiners to verify odd-job earnings. The person who is assigned to handling low-earnings reports is responsible also for securing confirmation of subsidiary earnings. In practice, verification is secured for work in covered employment. The remaining odd jobs generally fall into the category of self-employment and the employee's statement is accepted in adjusting benefit payments.

Partial Benefit Payment under Wage and Separation Reporting

The one difficulty relating to partial unemployment benefit payments which remains unsolved concerns claims filed by employees of establishments which report on a wage-and-separation basis. Under this reporting method, employers do not report wages quarterly. Instead, they file a single report only when employees are separated from employment, giving earnings quarterly for the

entire base period. About eighty-nine employers, employing 95,000 workers, almost 20 per cent of all covered employees, are on a wage-and-separation-reporting basis in Connecticut. This system of reporting is permissive and is restricted to a selected group of employers. The bookkeeping methods of these employers must be inspected, they must have a relatively low labor turnover, a fairly large labor force (assumed from a \$400,000 minimum capitalization), and a good credit rating. For the employees of these concerns there are no wage records on file. It was assumed that the unemployment notice or the special wage-and-separation report, sent by these employers automatically whenever an employee is laid off, would identify claimants from these establishments. That claims from partially unemployed workers in these establishments who were not definitely separated from their regular employment would not be identified was overlooked. During the first few months, when the central office was working under great pressure, many persons were probably denied benefits for lack of wage credits or received insufficient benefits owing to an incomplete wage record based on earnings before July 1937, when all employers still reported on a quarterly basis.

When the central office became aware of the problem, it found difficulty in formulating procedures for these cases. Since June 1938 clerks in the Wage Record Section have been expected to be familiar with the list of employers and to consult it as a matter of routine when no wage slips are on file. If the claimant is found to be employed by a concern which reports on a wage-and-separation basis, the Wage Record Section must correspond with the employer and secure a complete wage record for the case. Employers have often protested that they are required to report only when a person has left their employ and a great deal of explanation has been necessary before a wage record is secured. Since the person continues to be partially employed, there remains the problem of securing additional wage information at the end of each quarter by special request, often with confusing results. It is not always clear whether the figure reported covers earnings for the entire quarter or only earnings in addition to those previously reported for an incompleting quarter. In the meantime, these employers are not always prompt in sending in regular weekly low-earnings reports. The experience of the administration has been such that permission to report on a wage-and-separation basis has been granted with increasing reluctance.

b. MAINE

The Maine unemployment compensation act was passed on December 18, 1936. It provided for a tax on employers for the entire year 1936, so that, in accordance with the Social Security Act, two years of contributions were collected before January 1, 1938 when benefit payments began. A Commission of three members, the Maine Unemployment Compensation Commission, appointed by the Governor, administers the system.

Provisions of the Law followed the general pattern set down in the Draft Bills of the Social Security Board.¹ Benefits for both partial and total unemployment began in January 1938. Total unemployment benefits are paid at the weekly rate of 50 per cent of wages, but not more than \$15.00 per week nor less than \$5.00 per week or three fourths of full-time weekly wages, whichever is less. Partial unemployment benefits are paid at the total unemployment benefit rate reduced by five sixths of earnings in the week of partial unemployment. For either type of benefit, the first \$3.00 of odd-job or subsidiary earnings in the week are disregarded; that is, no deduction is made on account of such earnings from the benefit amount.

Benefit Statistics

During the first year of benefit payments, the Maine system covered about 240,000 workers, while about 3,000 employers of eight or more workers made contributions to the State unemployment insurance fund. As of December 31, 1937 Maine's fund available for benefit payments was \$3,758,947 net.² After twelve months of benefit payment, the balance on hand amounted to \$2,455,727 net.³ In 1938, Maine disbursed a total of \$4,524,560 in benefits. Of this sum, \$804,813 (17.8 per cent) represented partial unemployment benefit payments.

The trend of monthly benefit expenditures may be seen in Table 2.

TABLE 2. UNEMPLOYMENT BENEFIT PAYMENTS, BY MONTHS, MAINE, 1938

MONTH	BENEFIT PAYMENTS			PARTIAL UNEMPLOYMENT BENEFIT PAYMENTS AS PER CENT OF ALL UNEMPLOYMENT BENEFIT PAYMENTS
	Total unem- ployment	Partial unem- ployment (a)	Total and partial unem- ployment	
Total	\$3,710,640	\$804,813	\$4,524,560	17.8
January	(b)	(b)	\$9,108	(b)
February	\$291,338	\$8,608	299,946	2.9
March	578,019	32,012	610,031	5.2
April	408,489	37,797	446,286	8.5
May	520,080	111,200	631,280	17.6
June	437,074	154,312	591,386	26.1
July	281,872	93,668	375,539	24.9
August	279,134	80,166	359,300	22.3
September	176,140	51,291	227,431	22.6
October	202,843	52,800	255,643	20.7
November	231,591	63,175	294,766	21.4
December	304,055	119,784	423,839	28.3

SOURCE: Social Security Board.

(a) Includes "part-total" payments. All payments for which a deduction is made from the total unemployment benefit amount are counted as "partial payments."

(b) Not available.

¹The Law was amended in minor respects in April and October 1937.

²Figures supplied by Bureau of Research and Statistics, Social Security Board.

³As of December 31, 1938.

The number of payments made (checks issued for both partial and total unemployment benefits in the twelve months of 1938) was 566,633; the number of checks for partial unemployment benefits alone was 150,568; the number for total unemployment benefits alone was 415,000. These figures do not represent the number of individuals receiving benefits since more than one payment was made to many individuals. In November 1938, 46.9 per cent of the 48,997 continued claims filed represented partial unemployment benefit claims.⁴ The high proportion of partial unemployment benefit claims among the continued claims is probably due to the fact that partial unemployment benefit claims have a longer duration on the average than claims for total unemployment benefit; no total unemployment benefit claim can remain in the active file for more than sixteen weeks in a benefit year, but partial unemployment benefit claims are often processed for longer periods and one was actually in the active file for forty weeks in 1938. It was estimated by the Statistical Section of the Maine Unemployment Compensation Commission that 80 per cent of the continued claims for total unemployment benefits and 50 per cent of the continued claims for partial unemployment benefits were compensable.

TABLE 3. NUMBER OF UNEMPLOYMENT BENEFIT PAYMENTS, BY MONTHS, MAINE 1938

MONTH	NUMBER OF BENEFIT PAYMENTS			NUMBER OF PARTIAL UN- EMPLOYMENT BENEFIT PAYMENTS AS PER CENT OF NUMBER OF ALL UN- EMPLOYMENT BENEFIT PAYMENTS
	Total unem- ployment	Partial unem- ployment (a)	Total and partial unem- ployment	
Total	415,000	150,568	566,633	26.6
January	(b)	(b)	1,065 (c)	(b)
February	33,708	1,371	35,079	3.9
March	68,045	5,684	73,729	7.7
April	47,751	6,909	54,660	12.6
May	56,392	21,913	78,305	28.0
June	46,871	30,232	77,103	39.2
July	30,872	17,670	48,542	36.4
August	30,173	14,867	45,040	33.0
September	18,915	9,585	28,500	33.6
October	21,526	9,881	31,407	31.5
November	25,689	11,545	37,234	31.0
December	35,058	20,911	55,969	37.4

SOURCE: Social Security Board.

(a) Includes payments for "part-total" unemployment benefits. All payments for which a deduction is made from the total unemployment benefit amount are counted as partial unemployment benefit payments.

(b) Not available.

(c) Estimated by the State agency.

Administrative Problems

In making the volume of partial unemployment benefit payments indicated in these tables, the Maine administrators had to contend with three groups of problems: (1) those raised by the initial

⁴ "Part-total" unemployment benefit claims are included in this figure. For definition of "continued" and "part-total" claim, see Glossary, pp. 281, 284.

rush for benefits at the start of 1938 when the new staff had not yet become practised in its duties and the procedures as originally planned had not been tested, (2) those raised by the application of the complex legislative provisions to specific situations, and (3) those raised by the inability of the unemployed workers to comprehend all the provisions affecting the determination of the rate and duration of their benefits.

From Tables 2 and 3 it can be seen that the volume of benefit payments for both total and partial unemployment was relatively low in the beginning of operation of the unemployment insurance system. Once the initial rush of claims subsided, the administration was able to get matters in hand and to increase the speed with which benefits were paid. This was also due to continual revision and improvement of the benefit claims procedure described below.

Chart 10, page 107, shows graphically the benefits for both partial and total unemployment paid in Maine during the year 1938.

The legislative provisions that complicated the administrative task were principally those relating to the waiting period⁵ and redetermination of benefits. The administrative implications of the waiting-period provision have caused the Maine Unemployment Compensation Commission particular concern. The problem of determining that the individual claimant met the waiting-period requirements was reduced considerably by allocating this duty to the local offices under the pay-order system, described below. But the administration continued to favor a simpler provision, such as two waiting weeks at the start of the benefit year, even if it entailed greater cost.

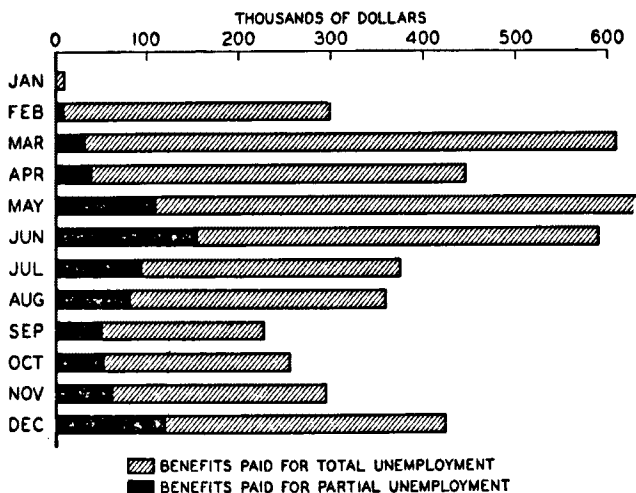
Redetermination, however, necessarily remained a central office function. With the start of every new calendar quarter, the Commission has had to call in personnel ordinarily otherwise engaged to concentrate upon the new wage credits accrued for each applicant. This is handled as follows: No redetermination of the "full-time weekly wage" is made during an uninterrupted period of total unemployment, but a redetermination is required on the filing of a second claim for benefits after a period of employment.⁶ Even during a period of continuous unemployment, a benefit recipient's duration is automatically redetermined each quarter, i.e., in considering the formula "sixteen times the benefit rate, or one sixth of wage credits," the new wage credits are taken into account. Should a claimant's weekly wage be determined more than once in his benefit year, the determination which provides maximum aggregate benefits in calculating duration is used. However, once a claimant

⁵The waiting-period provision for partial unemployment benefits calls for four waiting weeks of partial unemployment before benefits can begin. But these weeks must occur in the period of thirteen weeks before the week for which benefits are claimed. In point of time, this waiting period may be lower because a partially unemployed worker with one week of total unemployment is credited with two "partial" unemployment waiting weeks. Once the individual's benefit year has started, no more than three additional "total" unemployment waiting weeks, or six additional "partial" unemployment waiting weeks may be required. A totally unemployed worker who reports subsidiary earnings in excess of \$3.00 a week may receive waiting-period credit on the same basis as partially unemployed benefit claimants.

⁶Maine Unemployment Compensation Commission, *Regulations as to Claims for Benefits for Total Unemployment*, Regulation I, (10).

has drawn sixteen times his weekly benefit amount, no redetermination is made during the remainder of the claimant's benefit year.

CHART 10
UNEMPLOYMENT BENEFITS PAID IN MAINE, 1938



SOURCE - SOCIAL SECURITY BOARD

The Maine administrators have been critical of the heavy administrative duties imposed by these provisions and have been working out amendments designed to lessen this phase of the administrative burden. These amendments will be offered to the 1939 State Legislature.

Tutoring the worker in the benefit provisions of the Law consumed an appreciable portion of administrative time in Maine, particularly in connection with the provisions for partial unemployment benefit. Since Maine has covered workers in its thinly settled interior, an additional problem confronting the administration was that of advising workers by correspondence of the meaning of the provisions and their rights thereunder. Such correspondence is time-consuming and it is uncertain whether it affords the worker the same satisfaction he might obtain from a personal contact.

Despite imposing difficulties, the Maine administration succeeded on the whole in establishing a workable system of benefit payment. By December 1938, benefit claims were met with reasonable promptness and there was no great backlog of unprocessed claims. Less than half a week's back business was estimated to be on hand at the end of 1938. To a considerable degree, this resulted from the successive improvement of procedures and modification of the relationship between central and local offices.

The discussion of the benefit payment procedures in effect in December 1938 follows. The forms and methods described are those that were in force at that time.

Chart 11, facing this page, depicts the procedure followed in processing claims in Maine as of November 1938.

Local Office Responsibilities

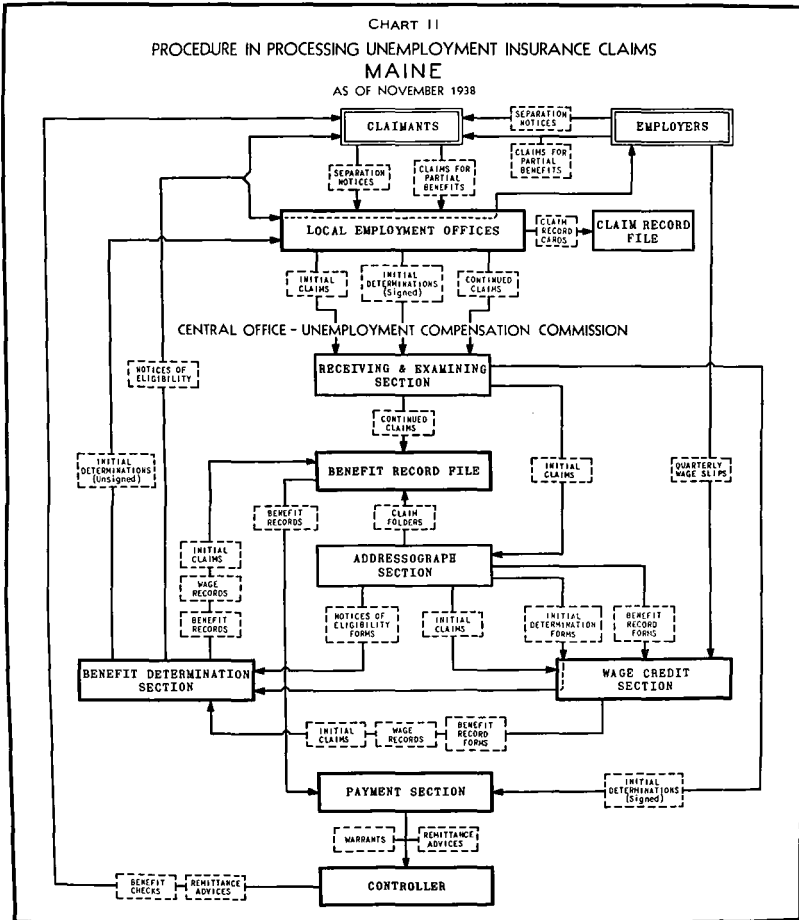
The thirteen local employment offices in Maine have played an increasingly important part in claims processing since January 1938. During the year, a degree of decentralization was effected whereby the local office was assigned the task of keeping track of the accumulation of waiting period and compensable weeks, while the central office was to make no benefit payment until a "pay order" was received from the local office. The basis of the decentralization is a file of Claim Record Cards established in the local offices in June 1938 for total unemployment benefit claims and in September 1938 for partial unemployment benefit claims.

The partially unemployed person who believes himself entitled to benefits may bring, mail, or have someone deliver to the nearest local office a Claim for Partial Benefits, filled out and signed by his employer and witnessed.⁷ The claim gives the name and social security account number of the claimant, the regular employer's name, the earnings with that employer, and earnings from odd-job or subsidiary work. If a worker is filing for total unemployment benefit at the local office for the first time, he receives an Applicant's Identification Card, as defined by the State Employment Service. On this card the claims taker stamps the due date seven days ahead, at which time the claimant must report again. If the worker is partially unemployed and is filing for partial unemployment benefits, no identification card is given. In either case, if no previous claim has been filed, a Claim Record Card is typed in the claimant's name. This card when filled out shows the name, address, and social security account number of the claimant, also the report day of the week, the week-ending date, and the amount earned in the week of partial unemployment. On the same line with the last three items, the claims taker writes "1" for week of total or "½" for week of partial unemployment. Until the waiting period has been completely served, a claimant filing a total unemployment benefit claim signs his name in the column provided, and no additional claim is taken. In the case of partial unemployment, however, the claim, which may be forwarded to the local office by the claimant, is merely entered on the card.

The local office sends the first partial unemployment benefit claim stamped "initial claim" to the central office, which makes out and returns a determination of the weekly benefit amount and maximum total benefit due the claimant. If a claim for continued partial unemployment benefit is filed before the determination arrives from the central office, the Claim Record Card is pulled out and the same data entered for the second week as for

⁷Insufficient personnel and space in the local offices make it inadvisable to require that all partial unemployment benefit claims be brought in personally to the local office. Since the claim is made up outside of the office, it must be witnessed.

CHART II
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 MAINE
 AS OF NOVEMBER 1938



the first week on the basis of another low-earnings report filled out by the employer.⁸ By the time the claimant's third claim for partial unemployment benefit is filed, the initial determination of his benefit status will have arrived and the essential information of the determination will be posted on the Claim Record Card. The determination is mailed to the claimant to keep for his own information. He has seven days in which to appeal from the findings. In the meantime the local office has sent the employer a notice of the claimant's eligibility, requesting the employer to state if the claimant's unemployment was due to reasons other than lack of work and informing the employer that he may appeal from the decision to pay benefits within seven days. Assuming that the determination is acceptable to employee and employer, the employee reports each week with a low-earnings report from the employer. If the earnings are less than six fifths of the benefit rate for total unemployment, the claimant receives credit on the Claim Record Card for either one-half or one waiting week, depending on whether he had some earnings or no earnings at all in the week. The partial unemployment benefit claims filed during the waiting period are retained by the local office; the central office never receives them.

Following completion of the waiting period as indicated by the Claim Record Card, the local office sends the low-earnings report form for the first compensable week to the central office as a continued claim or "pay order." In December 1938, the local office was also rubber-stamping on this form the week-ending date of each waiting week entered on the Claim Record Card and whether "full" or "half" credit had been given for that week. On the Claim Record Card, the claims taker now marks "C" (indicating the compensable week) where he formerly put "1" or "1/2". This procedure is repeated from week to week as the claimant continues to report. Since no explanations are necessary in the ordinary run of cases, the claimant merely drops his low-earnings report in a tray and leaves the local office immediately. Each such continued report constitutes the pay order for the benefit check for that week.⁹ When the benefit payments end through exhaustion of wage credits, the central office notifies the local office of the fact through a mimeographed form and the local office makes a notation on the Claim Record Card.

The Claim Record Card thus provides the local office with a record of the waiting-period weeks served by the claimant throughout his benefit year. Should the claimant file a second claim for benefits, the card informs the claims taker whether the claimant

⁸The Claim Record Cards are filed alphabetically by the day of the week on which the employee is scheduled to report. The claims taker, therefore, has before him only the cards of the persons who must appear that day. At the end of the day, the cards of those who did not report remain. These persons are allowed seven more days to report. If they report within this interval with a satisfactory explanation of their failure to report as scheduled, they suffer no loss other than the delay which they themselves have occasioned. Otherwise, the claim is terminated.

⁹The local office, however, is not informed by the central office that a check has actually been issued to the claimant. It presumes that the number of checks issued corresponds to the number of "C's" on the Claim Record Card.

needs to serve a further waiting period, whether he has exhausted his benefit credits either for the whole year or until another calendar quarter has passed, etc. The Claim Record Card is also useful in the case of workers who complain that they have not received benefit checks due them. Frequently, the claims taker may settle the matter at once by noting from the card that in the week in question the worker had excess earnings and was not entitled to partial unemployment benefits or that the claimant had not yet accumulated the minimum benefit rights of \$2.00 necessary for payment.¹⁰ In view of the fact that the waiting-period requirements for partial unemployment benefit seem complicated for the majority of workers, the Claim Record Card is exceedingly valuable in easing the minds of claimants. They see the entries made on this card from week to week; and, although they may not fully understand the explanation of the half weeks for partial unemployment, they apparently feel that their complaints have been reviewed by a qualified person on the basis of their own personal records. Wherever the worker's complaint appears justified on the face of the Claim Record Card, a form describing the case is filled out and sent to the central office.

The Maine local offices thus manage to divert a considerable amount of paper work from the central office. The waiting period is determined entirely by the local office, and the central office receives no claim for which the waiting period has not been served. Claims for which benefit credits have been temporarily or permanently exhausted are quashed at the local office immediately. Many complaints arising in connection with partial unemployment benefit claims are disposed of by the local office at once.

It has been estimated that the institution of the Claim Record Card for total unemployment benefit claims in June and partial unemployment benefit claims in September 1938 resulted in a 20 per cent decrease in the amount of claim paper coming into the central office.¹¹

The above description has dealt with partial unemployment benefit claims processing in the local office. The processing of claims for total unemployment benefits is not very different. A salmon-colored initial form is used comparable to the green form for partial unemployment benefit. There is a special "continued claim" form, but the Claim Record Card and "pay-order" method are utilized in the same way.

Central Office Procedure

All computation relating to benefit claims is done at the Augusta central office. When a claim, either for partial or total unemployment benefit, arrives at the central office from a local office, the

¹⁰ Under the Maine Law, partial unemployment benefit is not payable "unless and until the accumulated total of such partial benefits with respect to weeks occurring within the thirteen preceding weeks equals two dollars or more." This provision is found in the Statutes of twenty-four other States.

¹¹ During November and December 1938 the central office received 20,000 claims a week.

claim is immediately checked against a master file (alphabetically arranged) to ascertain whether or not the claimant had already filed at another local office. The claim then goes to the addressograph section where a plate (containing the worker's name, address, and social security account number), an initial determination form, notice forms, a benefit ledger (or benefit record) card, a statistical card, and a claim folder are all made up. The folder is placed in an alphabetical file where it serves subsequently as the repository of the initial and continued claims, copy of the initial determination, wage-credit slips,¹² the statistical card, any court decisions, and all correspondence relating to the claim. The remaining papers move to the Wage Credit Section where the record of wages earned during the base period is pulled and attached to the claimant's batch of papers.

The batch is then conveyed to the Benefit Determination Section where a posting machine enters on the benefit ledger card the registration numbers of all employers in the base period and the wages each one paid the employee during each calendar quarter. The initial determination form is also filled out. All notations are entered in pencil by computers. The necessary data are by this time on the initial claim and the benefit ledger. The lower part of the initial determination form consisting of notice to the employer of his employee's benefit rights is then typed. Keeping a duplicate, the central office sends the initial determination form to the local office in which the claim originated.¹³ The benefit ledgers are maintained in an alphabetical Benefit Record File.

Subsequent or second initial claims filed during a benefit year are handled similarly. The first series of claims of an individual are denoted serially by the numbers 1-1, 1-2, 1-3, etc., representing the continued claims. The second initial claim is denoted by 2-1 and the continued claims by 2-2, 2-3, etc. Subsequent initial claims matched with benefit ledgers are analyzed in the Benefit Determination Section which makes computations, records entries on the ledgers, and prepares notices to claimant and employer as for initial claims.

Continued claims arrive at the central office in alphabetical order and are batched against the benefit ledgers pulled from the Benefit Record File. A recording clerk fills in the weekly benefit amount and the amount due the worker (i.e., the weekly benefit less deductions) in a box entitled "For Central Office Use" on the claim form. Claims approved for payment go to a control clerk in the Payment Section. In the addressograph section, the corresponding name plates are pulled and stencilled on forms entitled Certificates of Authority to Pay Benefits (warrants). The certificates pass to the Payment Section where they are checked by a control clerk and sent with the benefit ledgers to posting machines which post

¹² Employees' earnings are reported quarterly by Maine employers. Each quarter's earnings of the employees are printed on separate slips, colored differently for each calendar quarter.

¹³ The local office detaches the upper part and hands it to the worker as described above, while the lower part is mailed to the employer (if the employee is eligible for benefits).

on both benefit ledger and certificate the date of certificate, the date on which the compensable week ended, the payment and office numbers, the amount paid, the deduction, and the weekly benefit amount.¹⁴ The original claim forms, now processed, are sent to the file section to be filed by payment or processing date. The posted benefit ledgers return to the Benefit Record File, while the Certificates of Authority to Pay Benefits are forwarded to the Controller in the State House where they are utilized to punch out the actual checks sent to the claimant. The Controller includes the Remittance Advice in the envelope containing the check. All benefit payments in Maine are by check mailed to the beneficiary.

The above procedure may be modified if the control clerk finds redetermination necessary. In this event, the benefit ledgers are routed to the Benefit Determination Section, which secures wage slips from the Wage Credit Section, makes the new computation, prepares a notice to the claimant, records the data on the benefit ledger, and returns the ledger to the Benefit Record File.

If a continued claim represents a last payment, a notice of termination is made out in the Payment Section and sent to the local office.

The benefit ledger or record card is not only a record of disbursements containing the posted data described above, but a complete history of the claim as well. It records wage and benefit credits to be charged out against both worker and employer. The "half" or "full" credits of waiting weeks and the dates on which they ended are noted. All claims filed are recorded, including the claim number, date registered and separated, and disqualification, if any. Finally, the ledger contains a "Record of Partial Weekly Benefits of Less than \$2.00," which indicates the date the benefit due for a given week was recorded, the ending date of the week, the amount of the benefit, and the date paid. On the basis of this record, the central office will not make out a certificate authorizing benefit payment until the sum due is at least \$2.00.

The Maine administrators consider that there might be an administrative advantage if the central office filled out and mailed the checks after a Treasury representative had signed them. But the State holds that only the Controller may make up the checks and further that such essential information as the claimant's address and social security account number may not appear on the check. For this reason, the Remittance Advice is made out. Interestingly enough, this procedure turned out to have a special advantage because many benefit recipients are keeping the Remittance Advices and bring them in to the local office when they have a complaint to make or a question to raise. From inspection of the series of Remittance Advices received, the local office often may discover the difficulty.

The principal feature of central office claims processing in Maine is that there is no essential distinction between the processing of

¹⁴ These data are actually posted on a Remittance Advice attached to the certificate, but since the back of the Remittance Advice is carbonized the data appear in carbon form on the ledger.

partial unemployment benefit claims on the one hand and total unemployment benefit claims on the other. Unlike other States, Maine has not gone so far as to use the same form for both the partial and total unemployment benefit claim, but the work is largely the same and is performed by the same personnel. In the consciousness of the administrators, the distinction between "partial" and "total" unemployment benefit claims processing has been decreasing.

Employer Reports

The payment of partial unemployment benefits in Maine depends on the cooperation of the employers in supplying their workers with the weekly low-earnings reports. They are instructed by the Unemployment Compensation Commission to issue such a report whenever—through loss of work-time—the employee earns less than three fifths of his "full-time weekly wage" but not more than \$18.00. In filling out the report, the employer may use a rubber-stamp signature. Generally speaking, the administration has found the employers very cooperative in providing the reports.

Employers wishing to give their partially unemployed workers a wage voucher¹⁵ in lieu of the low-earnings report may do so if the permission of the Commission is secured. About 10 per cent of the employers are now utilizing the wage voucher and the number is growing. The procedure in these cases is for the employer to staple the voucher to the usual low-earnings report (Claim for Partial Benefits), which, however, need not be filled out.

Itinerant Service

Maine's outlying industrial plants have necessitated the establishment of an Itinerant Service, which handles about 10 per cent of all claims. Less than 5 per cent of the claims handled by this Service are for partial unemployment. The Itinerant Service is in effect a movable section of a local office. Once or twice a week, the itinerant force at a local office base takes a set of claim record cards into the field to meet claimants at designated places. The itinerant interviewer will also accept new claims. If the trip is a very long one, the interviewer will take out the cards for Monday through Wednesday when he will be met by a deputy carrying the cards for the latter part of the week. The deputy, in turn, receives the cards and claims for the first part of the week and returns them to the local office. All forms and procedures are the same as for claimants (for both total and partial unemployment benefits) who report in person at the local office.

One advantage of itinerant servicing of claims over the mailing of claims is that the interviewer is able to explain complicated partial unemployment provisions to the workers themselves. Due to the limited funds available for administration, however, the Itinerant Service has been replaced by mailing for all points where

¹⁵ See pages 120-121 for a description of the wage- or pay-voucher device.

the claim load is less than fifty employees per week. It is calculated that for smaller loads the cost of handling claims by the Itinerant Service exceeds that of handling them by mail. It should be observed, however, that the partial unemployment benefits problem occurs mainly in the more concentrated industrial areas.

Special Problems Relating to Longshoremen

Provision of partial unemployment benefit for a force of about 1,000 freight handlers and longshoremen, working mostly on the Portland docks, has been accompanied by a number of peculiar administrative difficulties.

The first problem is that of benefit determination for a worker who has compiled wage credits for a number of employers during his base period. On the average, the Portland longshoremen work for four employers in the base period; some work for as many as ten employers.

Secondly, difficulty arises in checking the claim for partial unemployment benefits to see that all the employers served by the claimant during the week and all the earnings made with each employer are listed. Where the worker has had employment (even partial) with several employers, it is more difficult to detect misrepresentation than in the case of workers attached regularly to a single employer.

In the third place, the administration is confronted with the problem of getting the longshoremen to report at the local office. The organized longshoremen were unwilling in the winter and spring of 1938 to leave the docks and travel to the local office. The Commission did not think that their number warranted the establishment of a local office at the Portland docks. As a result, the Commission devised a procedure whereby a claims taker goes down to the docks on pay day to take claims and advise the longshoremen regarding the Law and their rights. A special claims form is employed.¹⁶ The wages earned during the week with every employer must be indicated and certified by that employer. The same form is utilized both for initial claims and for continued reporting. The claims taker who receives these forms brings the claim-record cards from the local office, and processes these in the same way that ordinary partial unemployment benefit claims are processed at the office itself.

Finally, the longshoremen constitute a problem because of the difficulty of applying the measure "full-time weekly wage" to them. The nature of their employment is such that in a given calendar quarter they will experience slack weeks in which earnings are low and heavy weeks in which earnings, it is said, rise as high as \$50.00 or \$60.00. This being the case, the Commission can take as the definition of full-time weekly wage only that of one

¹⁶ The form called "Claim for Partial Benefits Involving Freight Handlers, Longshoremen, and Checkers" differs from the ordinary partial unemployment benefit form in the following respects: it applies to the calendar week, it makes provision for indicating the days of employment with and wages payable by as many as five employers, and it requires the address and date of signature of the witness as well as the signature which is sufficient for the ordinary claim.

thirteenth of earnings in the calendar quarter in which earnings were highest.¹⁷ The effect is to give the longshoremen a weekly total benefit rate of \$15.00 or nearly \$15.00. Then, in the frequent slack weeks, they draw benefit at a rate of \$15.00 minus five sixths of the wages earned that week.

Mailing the Benefit Claim

Since Maine has industrial plants—as logging and pulp establishments—in outlying rural areas distant from any local office,¹⁸ it has been necessary to permit mailing of claims to local offices. When a claimant mails a claim, his signature must be witnessed by a person designated by the local office.¹⁹ The day of receipt of the claim or of a letter applying for benefits is held to be the day of registration. The continued claims are also filed by mail. The disadvantage of the mail procedure is that in the absence of personal contact, the complicated waiting-period provisions for partial unemployment benefits cannot be well explained. As already stated, in order to relieve the claim load, all local offices accept continued partial unemployment benefit claims sent in by mail.

Mass Reporting of Partial Unemployment

Maine has not seen fit to adopt any special procedure for reporting mass partial unemployment. The local offices will take lists of partially employed or laid-off employees from employers, but forms must be filled out and filed individually by the employees.

c. NEW HAMPSHIRE

New Hampshire, like New York, made an early start in setting up its unemployment compensation administration. The State Unemployment Insurance Law was enacted on May 29, 1935. In 1936, an Unemployment Compensation Division was created in the New Hampshire Bureau of Labor. During 1936 and 1937, contributions were collected from employers of four or more workers. Contributions by employees, collected in 1936, were eliminated by an Act of August 3, 1937, effective September 30, 1937. By the same Act, the benefit provisions were placed on the present quarterly-earnings basis. For total unemployment, the weekly benefit rate is one twenty-sixth of the wages in the quarter of highest earnings during the base period. The maximum weekly benefit is \$15.00 and the minimum \$5.00 or three fifty-seconds of the stipulated quarterly earnings, whichever is less. The weekly partial unemployment benefit rate is \$2.00 more than the total unemployment benefit rate decreased by earnings during the week of partial unemployment. The first \$3.00 of odd-job or subsidiary earnings are not counted in computing benefits.

¹⁷ The alternative would be the full-time wage as reported by the most recent employer. Cf. Public Laws 1935, ch. 192, as amended by ch. 228 and 248, Sec. (d).

¹⁸ Many are from twenty-five to thirty miles away, a few are a hundred miles away.

¹⁹ The postmaster, town officials, or parish priest in the French communities, are usually designated. Town officials are not unwilling to assume this duty since unemployment compensation tends to keep unemployed persons off town relief.

Since the Law adds that benefit payments be computed "to the nearest dollar," it is possible to ascertain the total unemployment benefit rate from the scale below if the quarterly earnings are known.

TOTAL UNEMPLOYMENT BENEFIT RATE SCALE

HIGHEST QUARTERLY EARNINGS	WEEKLY EQUIVALENT OF THE QUARTERLY EARNINGS	AMOUNT OF WEEKLY BENEFIT FOR TOTAL UNEMPLOYMENT
\$377.00 and over	\$29.00 and over	\$15.00
351.00 to 376.99	27.00 to 28.99	14.00
325.00 to 350.99	25.00 to 26.99	13.00
299.00 to 324.99	23.00 to 24.99	12.00
273.00 to 298.99	21.00 to 22.99	11.00
247.00 to 272.99	19.00 to 20.99	10.00
221.00 to 246.99	17.00 to 18.99	9.00
195.00 to 220.99	15.00 to 16.99	8.00
169.00 to 194.99	13.00 to 14.99	7.00
143.00 to 168.99	11.00 to 12.99	6.00
78.00 to 142.99	6.00 to 10.99	5.00
60.67 to 77.99	4.64 to 5.99	4.00
43.33 to 60.66	3.33 to 4.63	3.00
26.00 to 43.32	2.00 to 3.32	2.00
up to 25.99	up to 1.99	1.00

SOURCE: New Hampshire Bureau of Labor, Unemployment Compensation Division, *How To Collect Benefits*.

Similarly, the partial unemployment benefit rate may be ascertained from another scale without computation if total unemployment benefit rate and earnings in the week of partial unemployment are known (see scale below). Partial unemployment benefit payments, however, are also easily ascertained in New Hampshire without reference to this scale by adding \$2.00 to the benefit rate for total unemployment and subtracting the amount of earnings in regular employment and the amount of earnings in irregular employment less than \$3.00.

PARTIAL UNEMPLOYMENT BENEFIT RATE SCALE

WAGES IN WEEK OF PARTIAL UNEMPLOYMENT	AMOUNT OF BENEFIT FOR PARTIAL UNEMPLOYMENT (IN DOLLARS)														
\$15.51-\$16.50	1														
14.51- 15.50	2	1													
13.51- 14.50	3	2	1												
12.51- 13.50	4	3	2	1											
11.51- 12.50	5	4	3	2	1										
10.51- 11.50	6	5	4	3	2	1									
9.51- 10.50	7	6	5	4	3	2	1								
8.51- 9.50	8	7	6	5	4	3	2	1							
7.51- 8.50	9	8	7	6	5	4	3	2	1						
6.51- 7.50	10	9	8	7	6	5	4	3	2	1					
5.51- 6.50	11	10	9	8	7	6	5	4	3	2	1				
4.51- 5.50	12	11	10	9	8	7	6	5	4	3	2	1			
3.51- 4.50	13	12	11	10	9	8	7	6	5	4	3	2	1		
2.51- 3.50	14	13	12	11	10	9	8	7	6	5	4	3	2	1	
1.51- 2.50	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
.51- 1.50	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2
.01- .50	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3
	\$15	14	13	12	11	10	9	8	7	6	5	4	3	2	1

BENEFIT RATE FOR TOTAL UNEMPLOYMENT

SOURCE: New Hampshire Bureau of Labor, Unemployment Compensation Division, *How To Collect Benefits*.

From these scales it can be seen that there are thirteen benefit classes for total unemployment benefit,¹ and seventeen benefit classes for partial unemployment benefit. The difference between these classes and a wage-class system, of course, is that at a given time the worker with variable quarterly earnings may not know the particular benefit class in which he falls. There is, however, a distinct advantage in the elimination of computation for ascertaining the "total" or "partial" unemployment benefit rate.

Benefit Statistics

During the past year the New Hampshire system covered about 125,000 employees and 3,000 employers. With a sum of \$4,247,390 available for benefit payment as of December 31, 1937,² the system disbursed \$2,733,920 in benefits in 1938, of which \$311,842 or 11.4 per cent represented partial unemployment benefit payments. The fund available for benefit payment as of December 31, 1938 was \$4,350,161.² Table 4 shows the trend of monthly benefit expenditures.

TABLE 4. UNEMPLOYMENT BENEFIT PAYMENTS, BY MONTHS
NEW HAMPSHIRE, 1938

MONTH	BENEFIT PAYMENTS			PARTIAL UNEMPLOYMENT BENEFIT PAYMENTS AS PER CENT OF ALL UN- EMPLOYMENT BENEFIT PAYMENTS
	Total unemploy- ment	Partial unemploy- ment (a)	Total and partial unemploy- ment	
Total	\$2,420,395	\$311,842	\$2,733,920	11.4
January	\$456		\$456	
February	241,388	\$7,108	248,496	2.9
March	374,700	29,986	404,849	7.4
April	337,726	29,902	367,628	8.1
May	282,028	33,525	315,932	10.6
June	280,318	40,384	320,778	12.6
July	250,741	39,573	290,605	13.6
August	200,726	28,768	229,546	12.5
September	133,909	19,884	154,032	12.9
October	89,781	18,919	108,914	17.4
November	93,619	26,444	120,332	22.0
December	135,003	37,349	172,352	21.7

SOURCE: Social Security Board.

(a) Payments for "part-total" unemployment included with payments for partial unemployment.

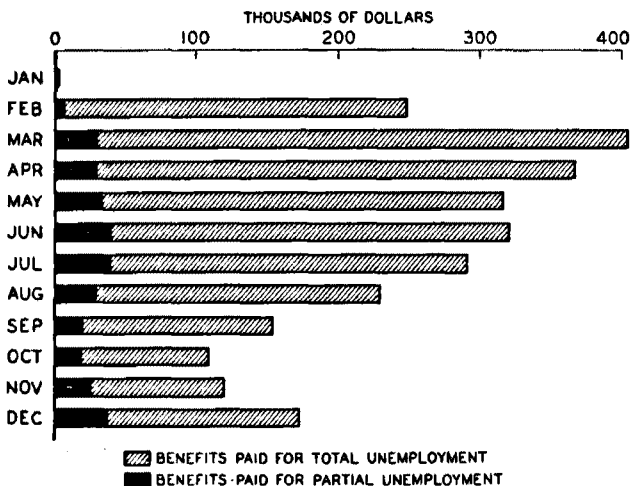
A comparison of the relative amounts and numbers of partial and total unemployment benefit payments made each month from Tables 4 and 5 shows that the proportion of partial unemployment benefit checks issued each month was at all times greater than the proportion of amount expended on partial unemployment benefit. This result is to be expected since the partial unemployment benefit checks run smaller in amount than the total unemployment benefit checks. The average partial unemployment benefit check in 1938 was \$4.99, while the average check for total unemployment

¹ There are actually thirteen instead of fifteen classes since no benefit rate below \$3.00 is possible under the eligibility requirement of \$175.00 in earnings within the last three quarters of the base period.

² Figure supplied by Social Security Board.

benefit was \$9.28.³ Chart 12 shows the benefits paid in New Hampshire for both total and partial unemployment during 1938.

CHART 12
UNEMPLOYMENT BENEFITS PAID IN NEW HAMPSHIRE, 1938



SOURCE-SOCIAL SECURITY BOARD

TABLE 5. NUMBER OF UNEMPLOYMENT BENEFIT PAYMENTS, BY MONTHS
NEW HAMPSHIRE, 1938

MONTH	NUMBER OF BENEFIT PAYMENTS			NUMBER OF PARTIAL UNEMPLOYMENT BENEFIT PAYMENTS AS PER CENT OF NUMBER OF ALL UNEMPLOYMENT BENEFIT PAYMENTS
	Total unem- ployment	Partial unem- ployment (a)	Total and partial unem- ployment	
Total	260,932	62,489	324,246	19.3
January	38		38	
February	26,298	1,206	27,608	4.4
March	41,258	6,457	47,870	13.5
April	37,375	6,179	43,665	14.2
May	30,735	6,686	37,530	17.8
June	29,324	7,427	36,815	20.2
July	25,812	7,738	33,635	23.0
August	20,934	6,395	27,420	23.3
September	14,207	4,304	18,545	23.2
October	9,720	3,984	13,740	29.0
November	10,382	5,052	15,470	32.7
December	14,849	7,061	21,910	32.2

SOURCE: Social Security Board.

(a) Payments for "part-total" unemployment included with payments for total unemployment

The benefit claim load handled by the New Hampshire system is, of course, quite low compared with most States. In 1938, 36,100 persons (28.9 per cent of the estimated number of covered

³ Figures derived from Tables 4 and 5.

employees) received benefits at one time or another. Most of these received a check for both total and partial unemployment benefits.⁴ A measure of the load of work involved in handling all benefit applications may be found in the fact that each week the central office handles about 75,000 claims, of which about 35 per cent are partial unemployment benefit claims. These claims do not each necessitate the same amount of administrative work, since a certain proportion represents claims filed during the waiting period and consists merely of signatures which are not processed. The distribution of the State claim load outside of the central office follows:⁵

ADMINISTRATIVE UNIT	PROPORTION OF TOTAL CLAIM LOAD HANDLED
Manchester local office	23.4
11 other local offices	51.6(a)
Itinerant Service	25.0

(a) Includes out-of-state claims received at central office.

Administrative Problems

In several respects, the problems confronting the New Hampshire administrators, as well as the methods they adopted, differed from those of other States. The initial rush for benefits and the application and interpretation of intricate legislative provisions proved difficult problems in New Hampshire as elsewhere. But late in 1937 before the first problem had arisen, New Hampshire undertook to "predetermine" total unemployment benefit rates for all covered employees. While such predeterminations were made and sent to about 80 per cent of the insured workers, it turned out that predetermination gave rise to new difficulties. For example, some workers, who received notice of the predetermined benefit rate and the maximum amount obtainable, became unemployed later in the year, and learned when they filed a claim that, owing to redetermination, the maximum amount had decreased although they had drawn no benefit.⁶

Less trouble seems to have been experienced with the rate phase of the partial and total unemployment benefit provisions. The scales published by the Division may have tended to make the rate situation clearer. One group of employees learned the provisions well enough to attempt to qualify for partial unemployment benefits illegally.⁷ The waiting-period provision, however, has given

⁴ It was not possible to break this figure down into the numbers receiving only total unemployment benefit, only partial unemployment benefit, and both total and partial unemployment benefit, according to a communication from the Unemployment Compensation Division of the New Hampshire Bureau of Labor, dated January 17, 1939.

⁵ Figures supplied by New Hampshire Unemployment Compensation Division.

⁶ At present, if a New Hampshire worker is denied benefit by reason of the fact that his predetermined rate is low, he is granted a redetermination of benefit rate on the basis of subsequent wage credits.

⁷ In these cases, shoe workers who receive a coupon for each unit of work completed, have, by not cashing some of the coupons received during the pay period, been able to bring their weekly earnings below \$2.00 more than their total unemployment benefit amount and so qualify for benefit. The uncashed coupons are disposed of by cashing in a later week or by sale at reduced rates to other employees. The administration, however, promptly discovered this practice.

rise to numerous administrative difficulties. The provision calls for a waiting period of three weeks of total unemployment within the thirteen weeks before the claim for benefit is made. Two weeks of partial unemployment are equivalent to one of total unemployment, and there is a limiting waiting period of eight weeks in any sixty-five. The latter proviso means that the administration is hampered in the disposal of a claimant's records by the consideration that he may reapply within sixty-five weeks and thereby necessitate a reexamination of his waiting-period credits. The sentiment of the administration is for simplification of this provision regardless of its original theoretical justification and the increased benefit cost its modification might entail.

As in other States, redetermination of benefits due the individual at the start of a new calendar quarter has proved to be administratively cumbersome. Under the Law, the administrator may redetermine benefit rates whenever he deems it necessary.⁸ It is probable, however, that the administration will seek to alter the Law so as to eliminate quarterly redetermination.

Chart 13, facing this page, depicts the procedure in processing claims in New Hampshire.

Pay-Voucher Device

The chief point of difference between New Hampshire and most other States in the handling of partial unemployment benefit claims lies in the use of the pay-voucher or wage-receipt method of recording earnings of the claimants during a week of partial unemployment.

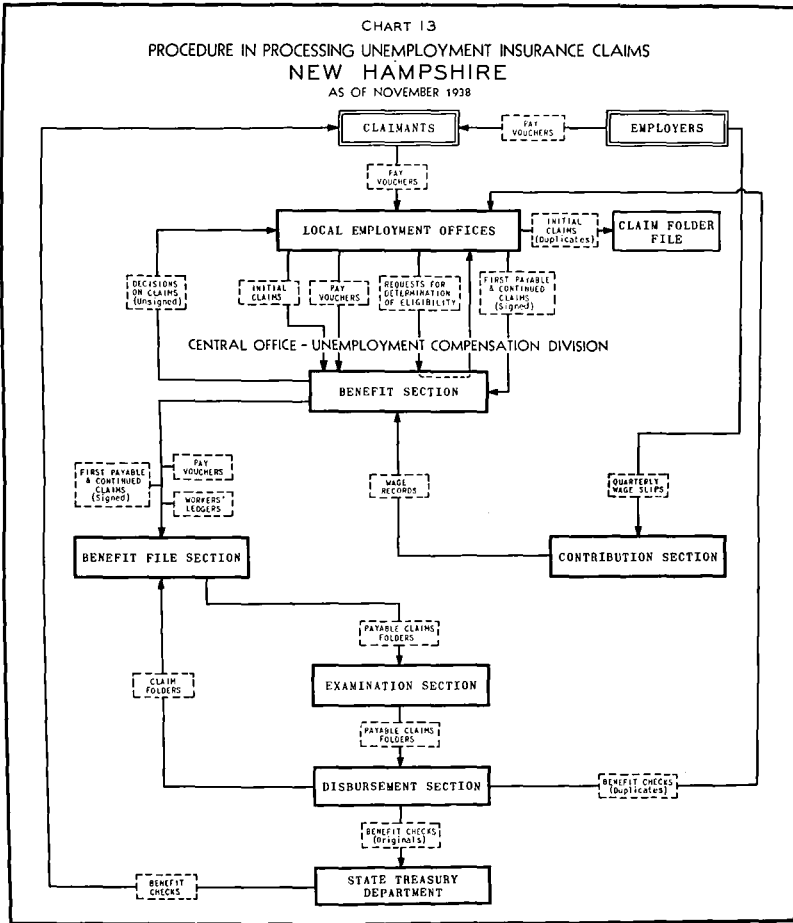
The pay voucher may be of several forms: a pay envelope, a check stub, the actual pay check, or a separate slip. In any form, it must show the name and social security account number of the claimant, the business name of the employing unit, and gross earnings⁹ during the employer's regular pay period. The week-ending date of the employer's pay period must be clear from the voucher. Most employees in New Hampshire get a check stub as the pay voucher.

The pay-voucher device was instituted as the simplest solution of the New Hampshire weekly reporting problem involved in partial unemployment benefit payments. At the start of 1938 many employers had never used pay vouchers, and the proposal to require the pay voucher was not unopposed. But the larger employers, who were already using the device, helped prevail upon other employers to adopt it also. The Unemployment Compensation Division issued a regulation requiring employers to "deliver a wage

⁸Redetermination of an individual's benefit rate is granted upon request of either the claimant or the employer whenever the quarter upon which the original rate was based is not representative of the employee's normal earnings.

⁹The practice of many employers is to write down (1) the amount of the earnings less social security (or group insurance) deductions, (2) the amount of the deductions, and (3) the sum or gross earnings. In considering whether a claimant is eligible for partial unemployment benefits, the gross earnings must be taken down by the local office claims examiner who sees the voucher. If there is no sum on the voucher or if the examiner is working under pressure, he may record the net earnings on the claim form. But as the voucher is attached to the claim, the amount of earnings is verified at the main office.

CHART 13
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 NEW HAMPSHIRE
 AS OF NOVEMBER 1938



voucher to each worker who fails to earn in any week two dollars more than his weekly benefit amount for total unemployment or, if such is not determinable, less than \$17.00" The employers generally, however, give the voucher to all their employees. Equally effective was the Division's ruling that no partial unemployment claim was to be taken at a local office unless the claimant presented a pay voucher. Claimants without vouchers, accordingly, returned to their employers and helped influence them to supply vouchers regularly.

The advantage of the pay voucher is that it relieves employers of the necessity of filling out low-earnings report forms for partially unemployed workers. Little additional work is required in connection with the pay voucher which is really part of the wage-payment procedure. That is, it fits in readily with the employer's ordinary routine. If he pays his employees cash in pay envelopes, he needs merely to jot down a few figures on the envelope, on which the firm name is frequently printed.

Where pay envelopes, check stubs, or separate slips are presented, the claimant gives them to the examiner. If the actual pay check is brought by the employee, the examiner copies the data from the check. As to the authenticity of the voucher presented, each examiner is a justice of the peace and may take an oath from the claimant.¹⁰

An apparent difficulty inherent in the pay-voucher method is that raised by employers who pay their force bi-weekly or semi-monthly. The voucher, of course, must be presented weekly at the local office and must cover only one week of partial unemployment. The local office will not accept one voucher covering a two-week period, but will accept two vouchers, one for each of the weeks. If the weeks for which the vouchers are presented are waiting-period weeks, the worker suffers no loss. His benefit check, however, may be delayed if he is eligible for compensation as of the day his partial unemployment began, unless his employer gives him the first voucher in advance. Nevertheless, the difficulty due to workers paid bi-weekly or semi-monthly has not proved of very great importance in New Hampshire because few workers are so paid. An eight-day period for the filing of claims enables persons so paid to file within the allotted time. In general, according to the New Hampshire Unemployment Compensation Division, few partial unemployment benefit payments would be substantially delayed because of this method of wage payment.

The pay-voucher system, it should be noted, requires benefit payment by the individual employer payroll week. Originally, the Unemployment Compensation Division sought to get all employers to issue the vouchers as of the week ending Saturday—that is, to make the calendar week the normal pay period. This effort was not feasible and vouchers are issued by employers on the week day that is most convenient for them. Usually this day is one toward the end of the calendar week or toward the end of the calendar month.

¹⁰ False claims are systematically checked and caught in other ways.

Local Office Responsibilities

The initiative for filing a partial unemployment claim rests entirely with the worker. But since the worker cannot institute the claim until his employer supplies the pay voucher covering the week of partial unemployment there may be a period of several days during which the worker is partially unemployed but unable to file a claim for benefit. Thus, if his employer's pay week ends Saturday and pay day is the following Thursday, the worker cannot file before Thursday. On that day, however, the claim is acceptable for the previous calendar week or the next preceding one, but claims for earlier weeks are unacceptable unless there is good reason for the delay in filing the claim.

When the worker displays his voucher, the claims examiner at the local office fills out an initial claim form. In the upper right hand corner of the form, the letter "P" or "T" is written, indicating whether the claim is for "partial" or "total" unemployment benefits. The claimant's name, address, social security account number, previous employers, and the date of the claim are entered. The employee is asked why he is unemployed and a check mark is placed in one of two boxes marked "lack of work" and "other reason," respectively. The claims examiner and the claimant both sign the form. The pay voucher is stapled to the form which, on the same day, is sent to the Benefit Section at the central office in Concord.

Attached to the back of the initial form, which is white, are two other identical forms, blue and pink. Before the claims examiner fills out the top form, he slips carbon papers between the underlying sheets. This enables him to secure a carbon of the name, address, and social security account number of the claimant on the upper third of the blue and pink forms. The lower two thirds of these forms are used to record continued claims.

The blue and pink sheets are placed in a claim folder, which is an important item in the local office set-up, for all papers relating to the claimant find their way into this folder. The claim folder is filed alphabetically and arranged by the day of the week that the worker is scheduled to report. When the worker reports and stands in line before the claims examiner, a receptionist takes his name, pulls the folder from the file, and gives it to the claimant, who in turn hands it to the examiner. The examiner records the continued claim, puts it in the folder, and places the folder aside for restoration to the files.

Once the initial claim is completed, the examiner tells the claimant to report on a given day the following week. Unlike other States, New Hampshire does not stamp the reporting date on the registration or identification card of the Employment Service. If the claimant does not already have a claim folder, one is made out in his name. The local office sends the central office a form requesting determination of eligibility of the claimant. The central office fills out the benefit rate and maximum benefits—if the man is eligible—and returns the form to the local office, which can now ascertain

whether the claimant's earnings are low enough to qualify him for partial unemployment benefit. The initial determination is kept in the files of the local office as a permanent record.

On the same day a postal card is mailed to the employer, informing him that his employee has filed a claim for partial or total unemployment benefits on this date. The employer may within seven days object to the granting of benefits to the given employee through an attached card on which he can indicate by a check mark that the man is out of work because of misconduct, labor dispute, voluntary quitting, refusal of suitable employment, or inability to work.

As the claimant continues to report at the local office, the earnings in the week for which partial unemployment benefit is claimed are entered on the blue and pink sheets until the end of the waiting period. As soon as the blue sheet shows the required number of waiting weeks, it is sent to the central office, the pink sheet remaining at the local office. The central office sends back a form entitled Decision on Claim, which gives the period of eligibility, the weekly benefit rate, and the maximum benefit payable. The claimant, when he next reports, is shown the Decision on Claim and signs it, indicating his agreement or disagreement with the determination thereon. The examiner then makes out a pay-order form, which the claimant signs. This form gives the earnings during the week or two weeks (for claimants paid bi-weekly) for which the benefit is claimed. Received in the central office, it sets in motion the mechanism leading to the issuance of a check for the compensable week or weeks.

The local office receives from the central office a carbon copy of the check which is mailed to the claimant. Its function now is merely to forward the requisite pay-order form to the central office at the end of each compensable week.

After the claim is terminated, the local office retains the pink sheet for use in determining waiting-period credits in the event of a second claim for benefits. Since no more than eight total waiting-period weeks may be required in any period of sixty-five weeks, the pink sheets must remain in the files of the local office for a long time, although many will never be used. To reduce the file volume, a system of recording waiting-period weeks served by claimants on a small index card is being tried. This card will also show the benefit rate, benefit amount paid, dates of first and last checks, social security account number, name, and address of the claimant. Once established, this card will enable the local office to dispose of the carbons of continued claims in the claim folder at the end of the individual's benefit year.

The local office discharges three chief duties in respect to partial unemployment benefits: seeing that the date of the applicant's claim corresponds to his employer's pay week, determining that the claimant has completed the proper waiting period, and notifying the central office that the waiting period has ended and, thereafter, that payment for a compensable week is due the claimant.

In carrying out these duties, the local office makes little distinction

between claimants for partial and total unemployment benefit. The same forms are used, partial unemployment claims being marked "P" and total unemployment claims "T." The office applies a different waiting-period provision to partially unemployed persons but records earnings for both in the same way.

Central Office Procedure

After a period during which bookkeeping machines were used for wage posting, record keeping in the Concord central office was greatly simplified by adoption of the wage-slip form of quarterly payroll reporting. This substitution was brought about by an Act approved August 3 and effective September 30, 1937. Wage credits are transferred by hand in the Contribution Section of the central office from these slips to a benefit eligibility form only when this form or an initial claim is received from the local office.

The computation procedure in the Benefit Section at the central office starts from a claim folder which is practically a duplicate of that maintained for each claimant in the local office. When an initial claim form arrives from a local office, a claim folder is made out in the name of the claimant, if not already made out for an earlier claim. A transcript of the wage credits of the claimant is brought from the Contribution Section and placed in the folder, which goes to a computer who determines eligibility, rate, and duration on a form which is sent to the local office after these entries are recorded on a worker's ledger card found in each folder. The folder then is placed in an active file where it remains until the end of the waiting period and the arrival of the blue form (the blue sheet of the initial claim form which shows the required number of waiting weeks) from the local office. The folder is then pulled out and sent to an examiner who redetermines the total unemployment benefit rate and amount, if necessary, after the close of a calendar quarter. The Decision on Claim is then typed in triplicate. One copy goes to the local office, one to the employer, and one remains in the claim folder at the central office.

When the authorization for benefit payment arrives from the local office, the folder (flagged at the end of the waiting period) is again pulled out of the file. It is examined by a computer who enters on the worker's ledger the benefit rate, maximum amount of benefit, quarterly earnings during the base period, and a record of the waiting period. At the same time, the computer makes a record of the payment authorized on a benefit work sheet which is permanently stapled to the inside front cover of the claim folder. The folder then moves to a typist who records the following data both on a check and on the worker's ledger: the claim number, the benefit week, "P" or "T" (partial or total), and the date, check number, and amount of the check.

The checks are sent into an adjoining office in the same building where a representative of the State Treasury signs them, using a check-signing machine, and immediately mails the checks to the

claimant.¹¹ In the same office, the Treasury agent also keeps a file of returned cancelled checks.

In the central office as well as in the local office, little distinction is made between partial and total unemployment claims. The same forms are also used in the central office, and claims flow along, intermingled, to the computers. In both cases, however, the computer determines the weekly rate by reference to the scales showing (1) weekly partial unemployment benefit against total unemployment rate and wages earned in week of partial unemployment and (2) weekly total unemployment benefit against earnings in the quarter of highest earnings.

Employers' Reports

The pay-voucher system could not be effective in New Hampshire without the cooperation of employers. The relative simplicity of the pay voucher no doubt won over many employers to the idea. Under the Statute, employer, as well as employee, may request a redetermination of the employee's benefit status.¹² Employers have exercised this right, both when the rate seemed too low and when it seemed too high. In Manchester, employers have voluntarily telephoned the local office to convey information that a worker in receipt of benefit had been called in to work but had not reported. Cooperation of this sort undoubtedly facilitates the enforcement of the "availability for work" clause. Unless the employer is actively interested, it is difficult, for example, to avoid compensating a partially unemployed worker for an afternoon's loss of earnings not due to failure of the employer to supply work.

Itinerant Service

Somewhat less than one third of the benefit claims filed in New Hampshire are handled by the Itinerant Service, which operates mostly from the central office in Concord. From this base as well as from the eleven full-time local offices, the Itinerant Service meets claimants at thirty-four points in the State where local office facilities do not exist. For these claimants, the claim folders described above are also utilized; the Itinerant Service transports the folders to the claimants. Otherwise, the procedure for handling claims is not different from that in which the claimant reports personally at a local office.

Mass Reporting of Partial Unemployment

The mass-reporting procedure has no particular form and is applicable only to large employers—of 500 workers or more—on request. When informed that a mass lay-off is to take place, representatives of the local or central office will visit the establishment

¹¹ The Unemployment Compensation Division has no jurisdiction over this unit, which is in all respects part of the State Treasury Department.

¹² The number of employers and workers who have requested such redetermination has not been large.

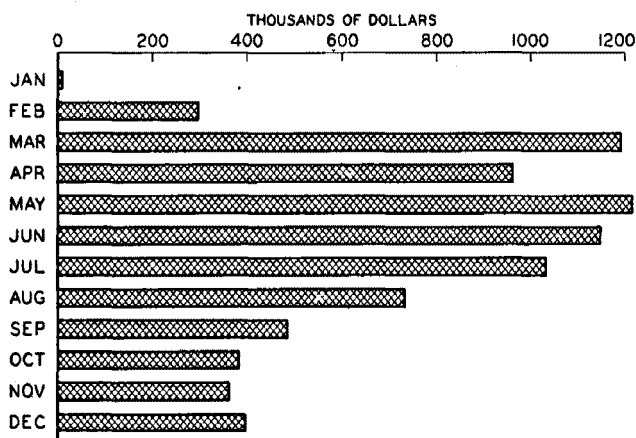
and take a "skeleton claim." No claim folders are prepared. Under this procedure, the worker does little more than sign his name. On the next visit, the representative brings a card showing the claimant's name and the weeks for which he claims benefit. If the plant closes down completely for an interval, it is visited when it shuts down and when it opens, so that the claimants will not flood the local office.

d. NORTH CAROLINA

The North Carolina Unemployment Compensation system covers approximately 700,000 persons. During the first year of benefit payment the State handled 400,445 initial claims. Of these, 30.2 per cent were filed by partially unemployed persons.

Benefit payment in 1938 amounted to \$8,211,139, the number of benefit payments was 1,125,898.¹ Monthly fluctuations in benefit payments and in the load of initial claims are indicated on Charts 14 and 15, pages 126 and 127.

CHART 14
UNEMPLOYMENT BENEFITS PAID IN NORTH CAROLINA, 1938



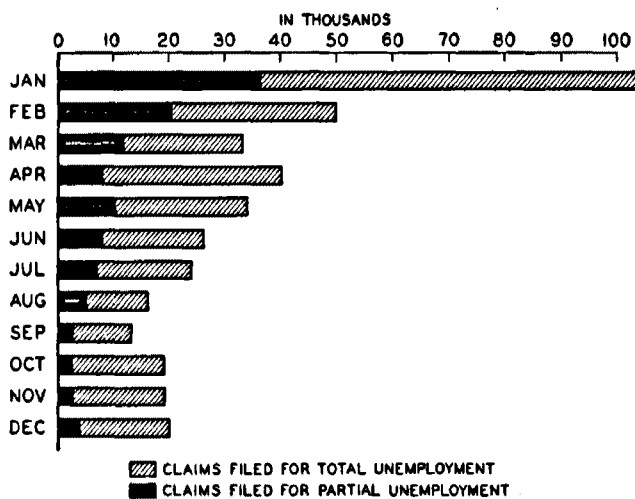
SOURCE—SOCIAL SECURITY BOARD

The North Carolina Law is administered by an Unemployment Compensation Commission consisting of three members—two members appointed by the Governor for six-year terms and the Commissioner of Labor ex-officio. Coverage under the Act is extended to establishments employing eight or more persons, excepting agricultural labor, government employees, domestic servants, and crews of vessels on navigable waters. Contributions are paid into a pooled fund.

¹ Statistics from North Carolina Unemployment Compensation Board and Social Security Board. A breakdown of benefit payments by "partial" and "total" unemployment is not available.

The benefit provisions in effect during 1938² fix benefits at 50 per cent of the weekly wage or one thirteenth of wages in the quarter of highest earnings. There is a legal maximum of \$15.00 per week and a minimum of \$5.00 per week or three fourths of wages, whichever is less. The duration of benefits is limited to sixteen times the weekly benefit amount or one sixth of wages, whichever is less. Benefits are charged against credits accumulated during the first eight of the last nine calendar quarters. Benefit credits cannot exceed one sixth of wages during the base period or \$65.00 in any quarter, whichever is less. To qualify for benefits, a claimant must have earned in the first four of the last five completed calendar quarters at least sixteen times his benefit amount. Workers are entitled to partial unemployment benefits if they earn less than six fifths of their benefit rate. Persons eligible to partial unemployment benefits receive the difference between their total unemployment benefit rate and five sixths of their earnings.

CHART 15
INITIAL BENEFIT CLAIMS FILED IN NORTH CAROLINA, 1938



SOURCE-SOCIAL SECURITY BOARD

The State is predominantly agricultural, but a scattering of industry and trade exists in all sections. Isolated villages or other factory groups are often without public transportation facilities or even post offices. Mills own the towns or villages, operate the stores, and distribute the mail. Wages are low, and travel even to nearby towns is prohibitive in cost. The distances to be covered in the State are great—746 miles from the northeast to the southwest corner.

Considering the geographical and economic setting, it would be prohibitive in cost as well as impracticable to provide a sufficient

²The 1939 State Legislature revised the benefit formula.

number of local offices conveniently accessible to employees throughout the entire State. In order to bring both placement and unemployment compensation services within reach of everyone, the local offices have been supplemented by the use of mass procedures at "spot points" located at factories and mills and by itinerant routes. The smaller county seats and trading villages are served by an itinerant staff which travels from local offices daily, carrying the records and operating on the basis of weekly visits. The Employment Service and Unemployment Compensation Division personnel travel together, and where it is necessary, the staff of one service is utilized to perform tasks related to the other.

The relative importance of service at "spot points" where mass procedures are in effect can best be gauged by the number of persons affected. More than two thirds of the persons in covered employment in the State are served and about 60 per cent of the claims are handled at these points. In 1938 there were 286,798 employees in the 795 establishments in which mass lay-offs were handled directly at the establishments, more than one half of whom worked in 414 plants in the textile industry.

Since the policy of handling claims at factories was adopted only after discussion and conference with employers, the resulting procedures have been characterized by a high degree of employer cooperation. However, the State has not devolved any administrative responsibilities upon employers and has taken pains to preserve the State character of the system by having a deputy, with his own assistants where necessary, take all signatures on claims, deliver all checks, and receive complaints and inquiries.

The difference between handling claims in a mass as against doing it on an individual basis lies chiefly in the method of taking claims locally rather than processing them centrally. Instead of preparing individual separation notices and having employees take them to a local office to file a claim, the employer (after due notice to the local office) prepares a mass-separation report on a form which constitutes a claim when signed by an employee. Originally these reports were made on lists which were awkward to handle. Now they are made on perforated sheets similar to individual wage slips. They must be accompanied by a summary report giving number of persons to be laid off or put on part time, and the date of beginning and the expected date of ending the mass lay-off. It is the responsibility of the deputy to collect and check the reports, to fill in the registration date, and to secure the claimant's signature to the individual slips.

The local office is then responsible for converting the mass report into individual claims. The separate slips are marked for office name and number and for route day; they are sorted for social security account number and are given claim numbers. The local office then makes out the local office claim cards, just as though the claims were individually filed. It retains them during the waiting period and then sends them to the central office for payment, accompanied by a separate sheet showing the daily register of claims.

Only if the lay-off at a plant involves more than forty-six persons is the local office freed of responsibility for filling in the register. In that event a skeleton register is prepared showing first and last claim numbers in the batch for a particular employer; and the names and addresses are filled in with addressograph equipment at the central office. The central office formerly prelisted continued claims for spot points in order to reduce clerical work at the local offices, but this practice is being discontinued.

The unusual use of the claim number in North Carolina is an essential part of the present procedure for handling mass claims. The first two digits represent the number of the local office in which the claim originates. In mass procedures for total unemployment, the third digit designates the particular spot point and the last two digits are always 99; the middle numbers are assigned serially to claims arranged by social security account number insofar as this is practicable. Since the claim number is used in filing claim jackets (folders), claims originating in particular establishments are always together.

When the first list comes in from a particular spot point, claim jackets are prepared, wage slips withdrawn, benefit rights determined, and the jackets are kept batched together in the active file. As pay authorizations come through for these claimants, the entire batch of claims is removed from the file, postings are made on the employee ledgers, checks prepared, and the batch replaced. Claims handled on a mass basis are not closed until it is clear that employment has been definitely resumed and that it is not likely that these cases will soon have to be reopened. When the claims are finally closed, they are put in the dead claim file by claim number. When total or partial unemployment occurs again, the existing records can be secured by pulling the entire batch for the spot point. New jackets are prepared and the old claim and jacket are voided. Previous claims for individual persons can be easily located by consulting the wage-record file, which is arranged by social security account number and in which notations are made of the claim numbers of all preceding claims. Weekly filing and pulling of active claims is thus eliminated, greatly facilitating the handling of mass claims. Since the batching by spot point is continued throughout the entire processing of a claim, the checks, as they are prepared, are in proper order for distribution to particular establishments.

In initiating mass procedures for partial unemployment, employers must send to the central office—at the end of the first week in which the usual full-time hours have been reduced by 30 per cent—a mass report of all employees affected. At the same time, they notify employees that partial unemployment claims are being filed and that they need not register at the local office. At the central office the claims are checked with the attached summary, sorted by social security account number, and given claim numbers. To distinguish them from mass total unemployment claims, they are assigned end digits of 96 or 98. The central office prepares claim forms and processes these in the usual way for benefit determi-

nation. The employers' reports, annotated for benefit amounts, are returned to the employer, routed through the local office and the deputy responsible for service at the spot point. The employer is instructed to post on his wage records six fifths of the benefit rate for each employee and to prepare low-earnings reports only for employees whose wages fall below the posted rate. This initial report is retained by the local office throughout the waiting period. Postings are made beginning with the first week of partial employment earnings and cover all weeks through the first compensable week. The deputy collects the low-earnings reports and has them signed by the employees. On the basis of the signed reports, the local office prepares individual pay-order forms with low-earnings reports attached and transmits them to the central office, accompanied by a special claim register.

A simplification has been tried out and may become prevailing practice, under which employers will be asked to report not on a joint low-earnings-and-claim form but to post earnings on the regular continued-claim and pay-order form after the waiting period has been served. This would make it unnecessary for the local office to head up the pay-order forms and to transcribe the low earnings from the joint-claim forms. The record prepared by the employer would be signed by the claimant and checked by the deputy. The local office would record the benefit amount and make the deduction for partial employment earnings. The pay authorizations could be listed and sent at once to the central office.

It was several months before employers learned to file low-earnings reports promptly and accurately and several months before the central office was able to handle them smoothly. The backlog in North Carolina has now been eliminated. Unless the wage record is faulty, benefit determination can be completed by the time the claim becomes compensable. Checks on continued claims are now generally issued within a week after pay authorizations are received. On the whole, service is prompter and smoother under mass procedures than in the case of individual claims.

The present mass procedures do not greatly reduce the clerical work involved in the handling of claims. Except for the heading up of partial unemployment claims by employers under the proposed revision in procedure, identical forms and almost identical central office procedure are in use for claims filed individually and those filed in mass. There is a distinct advantage in having all the jackets for claims in large establishments together. There is considerable advantage, too, in not having to secure reports on low earnings separately from the claim but this may be counterbalanced by the amount of predetermination of benefit rates which is involved in securing automatic low-earnings reports. The administration is of the opinion that benefits for most of these claimants would probably have to be determined some time during the year and that, therefore, despite quarterly redetermination, the procedure did not involve an excessive amount of superfluous work in this respect.

Perhaps the chief advantage of mass procedures lies in saving the employee from the loss of time and expense of reporting at distant local offices. In the absence of convenient and suitable space for local offices, the advantage to the State agency of being able to use the employer's premises is inestimable. The taking of claims in county court houses and school buildings on itinerant routes, however, suggests that alternatives involving no expenditure for rent are available in many places.

The handling of a great number of claimants in local offices at times of mass lay-offs by large plants, which usually falls upon local office personnel, is often shifted to mill superintendents who help to keep claimants in line, frequently assist in expediting procedure by supplying needed information, and in general assume responsibility for physical arrangements and for the presence of claimants. In the case of mass claims for partial unemployment benefits, the claims are usually taken when the plant is in operation. The superintendent calls claimants out in groups to suit the convenience of the deputy. The mill bookkeepers are consulted on the spot in questionable cases.

With rare exceptions, a spirit of collaboration exists between the administration and employers. The basis of this lies in the acceptance by employers of unemployment compensation as advantageous to them as well as to employees. It serves particularly well the immediate needs of industry, which is often compelled in this region to help finance depressions by relaxing on rents and extending store credit. Employers are said to welcome unemployment compensation in the hope that it may contribute toward the maintenance of good labor relations.

Administrative Problems Connected with Partial Unemployment

Since practically all partial unemployment claims are handled through mass procedures—only about 1,200 partial unemployment benefit claims were individually filed—discussion of administrative problems relating to partial unemployment benefits tends to be concerned with claims taken at spot points. The fact that mass procedures require a personal call by a deputy has facilitated clarification of details for both employers and employees and doubtlessly has helped to secure greater promptness in reporting. Reference has already been made to the fact that several months elapsed before procedures were made to work smoothly. Even at the end of 1938 deputies classified employers in their districts as being prompt or slow in filing the returns. Exact statistics on delays are not available. The initial mass-partial-unemployment report, due at the end of the first week of part-time employment, is sometimes delayed, especially where large numbers of workers are involved. This, in turn, delays benefit determinations. On subsequent reports, however, employers are said to be prompt. This is almost necessarily true because the appearance of the deputy is automatic and it would cause ill feeling on the part of employees if reports

were not ready for the claimants' signatures on the deputy's arrival.

Where employers have habitually paid wages bi-weekly they are permitted to file low-earnings reports on alternate weeks, on condition that they report the two weeks separately. Although the low-earnings reports were regarded as having constituted a serious problem in the first months of benefit payment, the volume of partial unemployment claims has been tremendously reduced and the handling of partial unemployment benefits is no longer regarded as impracticable from an administrative point of view.

The concern of the administration now is with the cost of handling claims for partial unemployment benefit. The legal minimum of a check is only twenty-five cents. Since 30 per cent of all claims have come from partially employed persons, and the duration of these claims is likely to be long, the proportion of small payments is regarded as contributing largely to administrative costs in the State. Too high a minimum benefit before the issuance of a check is not considered desirable by the administration since it would defeat the primary purpose of the legislation which aims to guarantee a minimum weekly income regularly. A \$2.00 minimum seems satisfactory but requires legislative sanction. A procedural difficulty may arise if the minimum is raised since the usual bookkeeping arrangement would seem to set up an accounts-payable system, which is legally prohibited. It is assumed, however, that small increments could be allowed to accrue on the local office records just as waiting periods now accrue and that a partial unemployment benefit claim would not become payable until the minimum fixed was due.

The present four-week waiting period in every thirteen weeks which is required for claims for partial unemployment benefit is also regarded as causing undue administrative inconvenience. The computation of waiting periods involves a review of all past records on a claim by the claims examiner at the central office. It is an irksome and annoying provision to partially unemployed persons who often fail to become compensable after the inconvenience of having complied with reporting requirements for a number of weeks. The waiting period is no longer needed for administrative purposes in determining benefits or for the purpose of protecting the solvency of the Unemployment Compensation Fund. The administration would welcome a liberalization which would provide a single two-week waiting period during a benefit year for both partial and total unemployment benefit claimants.

The adjustment of payroll week and compensable week, which creates considerable difficulty in some States, has never presented an acute problem in North Carolina because it comes up only in the case of individual claims for partial unemployment benefits, which are numerically insignificant. With the automatic filing of low-earnings reports by large employers under mass procedures, the question does not arise since the report is prepared in the first place in terms of payroll weeks.

North Carolina has relaxed employment registration requirements for those claiming partial unemployment benefit. These requirements were never applied literally to partially unemployed persons either under mass filing or individual filing procedures. The administration would favor extending exemption from registration to persons who file claims for total unemployment benefits under mass procedures since the opportunities for alternative employment at spot points are virtually nonexistent. Such a relaxation, however, is not contemplated in the immediate future.

In the individual filing of claims for partial unemployment benefits as distinct from mass filing by an employer, responsibility for securing reports on low earnings is placed upon the claimant. The claim is taken without a report where necessary on condition that the low-earnings report will be submitted later. Sometimes, pay-envelope evidence is accepted during the waiting period where it has been difficult to get employers to report, but the official low-earnings report (prepared on the usual separation notice form) must be presented by the claimant when the claim becomes compensable so that it may be attached to the claim when it is transmitted to the central office. If the claimant has been unable to secure a report from his employer and appears to be entitled to benefits, a deputy attached to the local office will get in touch with the employer personally. Covered employers who have paid contributions are, on the whole, cooperative. The difficulties arise usually with small isolated employers who have avoided compliance with the Law.

Partial Unemployment Benefits for Longshoremen

The North Carolina administration was faced with a difficult situation in Wilmington, where longshoremen constituted the largest group of claimants for partial unemployment benefits. The usual procedure for individual filing of partial unemployment benefit claims, requiring the employee to secure a record of low earnings on the separation notice form from his employer, was unworkable in these cases. It was impossible to determine whether claimants were handing in complete wage records since they usually worked for a number of employers. It became clear that false reporting was common.

A conference with employers resulted in a special procedure for securing reports of earnings for this group of employees. Employers report weekly to the local office all persons whom they have employed, the days on which they were employed, the hours worked, and the amounts earned. The local office keeps a master ledger for each person and posts weekly earnings from all employers. One interviewer spends practically his entire time on these cases. The employee files his claim in the usual way, giving a verbal statement of his earnings for the week. After the employers' reports have been posted and earnings on the master ledger totaled, the employee's statement is checked. If it appears that he has deliberately made a false report, loss of a week's benefit may be

imposed as a penalty. In order to avoid constant opening and reopening, these cases are all handled as continued claims.

Local Office Procedure

North Carolina, like other States, started with a highly centralized procedure under which local office claims clerks took claims, transmitted them to the central office, and transmitted central office communications to claimants without the local office having a detailed control record for its files. The local office retained carbon copies of all original and continued claims and received a copy of benefit determinations.

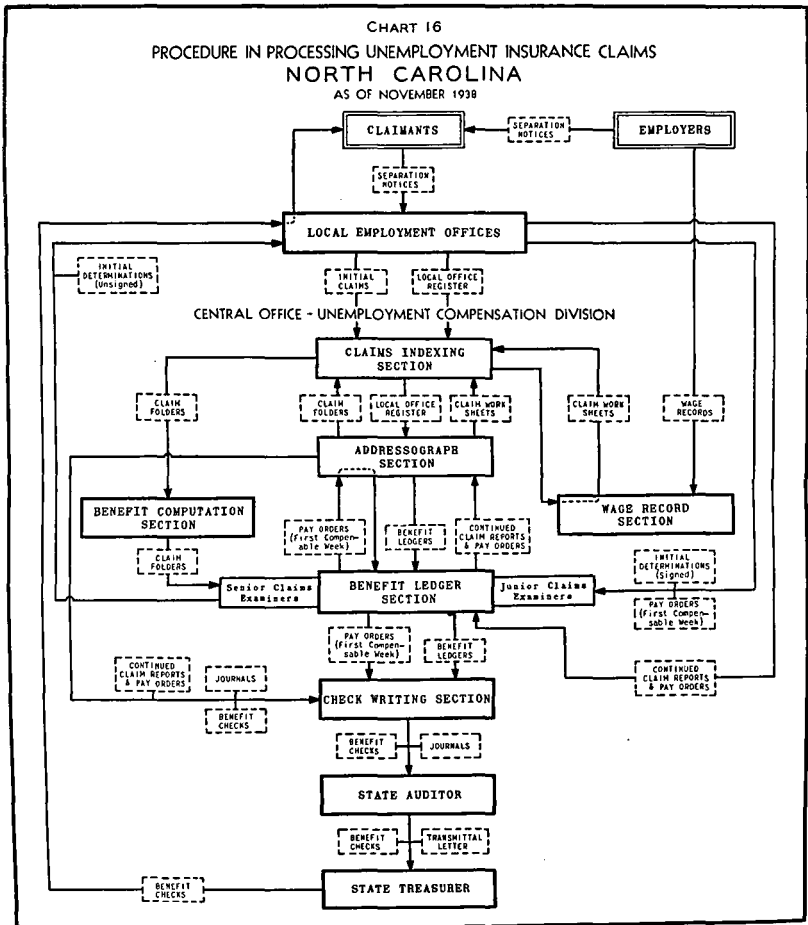
Not until September 1938, however, were local offices provided with adequate control cards for recording waiting period, benefit amount and duration, weekly registration, and checks delivered. The earlier form used for recording weekly visits provided only for the claimant's signature. Deputies and clerks made informal notations of checks delivered for their own information. (Practically all checks are delivered by an interviewer or deputy personally.) For other information, it was necessary to review a large sheaf of papers. The consolidated local office claim record which replaced the earlier one in September improved clerical routine, but did not radically alter local office functions. No real delegation of responsibility accompanied the change. It has served primarily to assist the claims clerk in answering claimants' inquiries and to facilitate the preparation of tracers where central office communications did not come through in time.

The local offices keep claims until they become compensable and then transmit them for payment. The claim form and pay authorization, prepared in duplicate, are combined on a single sheet. Only the first part is prepared by the claims clerk. Strictly speaking, the pay authorizations are made in the central office. When the claim concerns partial unemployment benefits, the claims clerk posts the earnings and attaches the low-earnings report. The central office is responsible for authorizing the proper deductions.

The claimant must submit a separation notice before his claim can be transmitted to the central office for payment. If he has been unable to secure one from his employer, the clerk reports the case to the local office deputy who uses a field man to secure the notice, if necessary. If the employer has recorded a reason for separation which calls for imposition of a penalty, the notice goes with the claim to the central office, where waiting-period and benefit-credit deductions can be made when a decision is reported. In the meantime the claims deputy in the local office must prepare a formal statement of the facts on both sides and his decision for presentation to the claimant. Appeal from the deputy's decision to a referee is provided for, but appeals are rare.

As the initial determinations and checks are received from the central office, local office clerks attach them to the claim-record cards. They are held for distribution in the local office or taken

CHART 16
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 NORTH CAROLINA
 AS OF NOVEMBER 1938



out to spot points or itinerant routes. The original copy of the determination is submitted to the claimant for acceptance; the carbon is given to him as his record. If he disagrees with the statement, he may contest it, but here again, protests are unusual.

With the improvement of local office records, the local offices have played an increasing role in checking central office action. Officially, local offices merely record weeks of waiting period as they are served, leaving the central office to make the final decision on how many waiting-period weeks are due; moreover, the local offices do not make deductions in partial unemployment benefit cases. These facts suggest that the administration has been reluctant to delegate the degree of responsibility upon local offices which has been devolved upon them in some other States.

Chart 16, facing page 134, describes the claim-processing procedure in effect in the State as of November 1938.

Central Office Procedure

The North Carolina central office operates with comparatively little mechanical equipment. The wage records now consist of the quarterly reports prepared by employers on individual wage slips. After checking total wages paid with the payrolls reported on monthly contribution reports, the slips are sorted according to social security account number (with the assistance of a mechanical sorter) and filed.

The wage slips are removed when a determination of benefits on a claim is needed, and the claim number is noted on the "out" card. The slips, with the claim number recorded, are refiled when the wage posting has been completed. Since the claim jackets are filed by claim number, the wage record file of claim numbers is used in the spotting of past claims for a particular individual.

As original and reopened claims are received in the central office, worksheets for benefit computations are headed up in triplicate by addressograph equipment in an indexing section. The wage slips are then pulled and attached to the worksheet. A machine is used for posting on the worksheet, the employer, the wages for each quarter, and previous claim numbers. The slips are returned to the wage-record file and the worksheet is sent in a jacket (together with claim and separation notice in penalty cases) to comptometer operators. They compute one sixth of the total wages earned and calculate the full-time weekly wage by taking one thirteenth of earnings in the highest quarter. Previous claims and the benefit ledger are then attached to the record. The entire claim jacket is sent to a claims examiner who reviews the whole case and completes the computation.

If the wage record does not correspond to the employment record reported by the claimant, the claims examiner sends a request for a field investigation through the local office nearest the employer. The field investigator and the local office of the claimant both receive notices of the request directly.

Completion of the computation is made without mechanical aids. It consists of recording \$15.00 if the weekly wage exceeds \$30.00; taking 50 per cent of the weekly wage where it lies between \$10.00 and \$30.00; recording \$5.00 where the weekly wage is between \$6.66 and \$10.00; and taking 75 per cent of the weekly wage where it is below \$6.66. The next step requires multiplication of the weekly benefit amount by sixteen to secure maximum benefit credits available. The examiner checks to see whether the claimant earned sixteen times his weekly benefit amount during the qualifying period (the first four of the last five completed calendar quarters).

The examiner also determines the waiting period to be served. In case of a disqualifying circumstance on the separation notice, the claim is held pending a decision by the local office deputy. A notation is made of whether the waiting period should be two or four weeks. (Odd-job earnings of more than \$3.00 require four waiting-period weeks as do partial unemployment benefit claims.) Where a separation notice is attached indicating that a penalty is probably due, the claim is marked to be held for a deputy's decision. Previous claims are examined to see whether waiting-period credits are available or whether the claimant has already served three additional waiting-period weeks in the benefit year. This waiting-period requirement is regarded by the administration as being unnecessarily complex, and a reduction to two weeks in a year for all claimants is being proposed.

Claims for the first compensable week are reviewed by examiners to see that the proper waiting period has been served, that the initial determination has been accepted by the claimant, and that no disqualifying condition has been reported by the employer on the separation notice. The examiners prepare pay authorizations by entering from the initial determination to the claim the weekly benefit amount, the maximum benefit amount, and the last quarter for which wages were included in the initial determination. New claimants are distinguished by making notations in blue; claims of persons who have previously filed are marked in red. If the claims are for partial unemployment benefits, the net amounts due are computed (the North Carolina formula provides that wages plus partial unemployment benefits must equal total unemployment benefits plus one sixth of wages). The deductions are checked by having batch totals prepared for total benefit amounts, for deductions for low earnings, and for the net amount due. The deductions and net amount due should balance with total benefit amounts.

On continued claims, the examiners post the claim number, the industry code number, and the number of the claim within the benefit year. Inside the claim jacket, a record is made of the date on which payment was authorized, the compensable week, and the amount paid. The pay orders are batched by local office and delivered to clerks in the Benefit Ledger Section. Claim jackets are filed by claim number (representing local offices).

The Benefit Ledger Section segregates the blue-penciled authorizations for first claims and authorizes preparation of benefit ledgers

by the addressograph section, after checking the benefit ledger files. Ledgers for the red-penciled reopened claims are pulled out and filed by claim number only. A transmittal sheet is prepared on a machine and, with pay authorizations attached, is sent to the Addressograph Section.

Pay orders for continued claims, after the first compensable week, are prepared in the Benefit Ledger Section on the continued claim itself by posting benefit amounts from the ledger. The claims are then listed on transmittal sheets. On partial unemployment continued claims, it is the Benefit Ledger Section that determines whether a claimant has excessive earnings in a particular week. This section also prepares the special "Wage Credits Exhausted" form. The clerks refer to the supervisor continued claims which indicate that a week has been skipped and which require checking with the claim jackets. They segregate for redetermination claims which show an insufficient balance and may have additional wage credits. A tabulating sheet is prepared for statistical purposes listing the disposition of all continued claims on which payments are not authorized. A separate sheet is prepared listing all authorized payments.

The continued claims requiring redetermination are sent to the Wage Record Section which pulls the old work sheets from the claim jackets. The continued claim is left with the benefit ledger in the regular benefit ledger file. The Wage Record Section posts additional quarters and claims examiners make the necessary redetermination. When the work sheets are returned, the additional credits and additional quarters are posted on the benefit ledger. The work sheets are sent to the claim file for insertion in the claim jacket; the ledgers, accompanied by the continued claims, are placed in the file for the next regular route day.

The Addressograph Section checks previously prepared plates against pay orders (in the past it has pre-listed continued claims for local office use on succeeding weeks, but this practice is being discontinued). It heads up benefit ledgers, when necessary, prepares four copies of the journal form for each batch of claims, and inserts on blank checks, name, social security account number, and claim number. The Check Writing Section then receives journals, transmittals, benefit ledgers, and pay authorizations. Everything is proofread and new ledgers are filled in for weekly benefit amount, maximum benefit amount, and last quarter of the base period. Check numbers are assigned to each batch. A machine operator, in one operation, posts entries on ledger, check, and check stub, making carbon copies on the journal. The entries include check date, ending of compensable week, number of payment, industry code number, serial number of the claim, amount paid, deduction for partial employment earnings, and weekly benefit amount. The machine then records check number, total paid to date, and balance of maximum benefit amount. The journal totals are checked against pre-listing totals; ledger and pay authorizations are checked for compensable week; and the check number is stamped on the pay

authorization. The continued claims are filed as a permanent record of payment and the ledgers are returned to the ledger file.

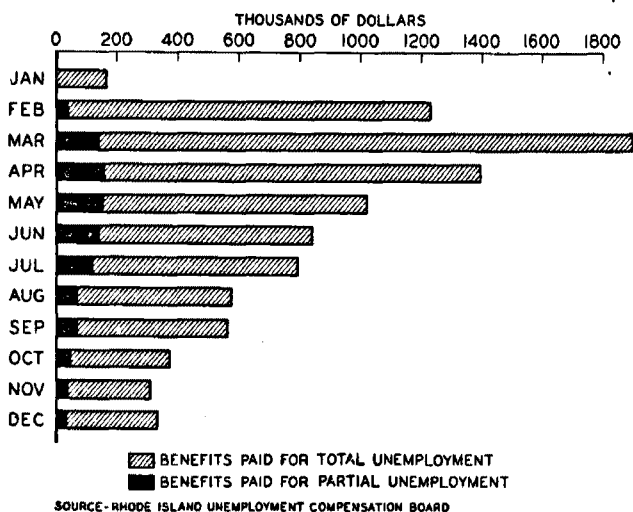
A carbon of the journal sheet goes to the statistical department, one is retained in the Check Writing Section, and two are sent to the State Auditor who retains one and returns the other, receipted, with the checks. The transmittal letter and checks are then sent to the State Treasurer's office in the Capitol for signature. After the first and last check numbers are noted on the transmittal letter, the checks are sent by registered mail to the local offices for distribution.

e. RHODE ISLAND

The Rhode Island unemployment compensation system is administered under the direction of an Unemployment Compensation Board which consists of three members appointed for a six-year term by the Governor with the consent of the Senate. Not more than two of the three members may be of the same political party. The Division of Unemployment Compensation, which is the administrative agency, is within the Department of Labor.

Coverage under the Law is comparatively broad, extending to all establishments employing four or more persons. About 225,000 workers are covered. Rhode Island is one of the few States providing an employee contribution (1.5 per cent of wages) to the fund. The fund is of the pooled type with no provision for merit rating. The Law provides, however, that a study of merit rating be made and report be submitted to the Legislature in 1941.

CHART 17
UNEMPLOYMENT BENEFITS PAID IN RHODE ISLAND, 1938



The benefit rate is fixed at 50 per cent of a weekly wage, computed on the basis of one thirteenth of total earnings for the highest quarter. The legal maximum benefit is \$15.00; the minimum \$7.50 or three fourths of weekly wages, whichever is less. To qualify for benefits, a claimant must have earned within the four completed calendar quarters and the expired portion of the uncompleted calendar quarter immediately preceding the first day of his benefit year at least sixteen times his weekly benefit amount. Benefits are fixed at an annual maximum of twenty times the weekly benefit amount or one sixth of uncharged wage credits, whichever is less. In case of exhaustion of benefits, wage credits based¹ on lag-quarter earnings may be used up to the week for which benefits are claimed. Employees are qualified for partial unemployment benefits in any week of less than full-time work in which they fail to earn at least \$2.00 more than their weekly benefit amount for total unemployment. The partial unemployment benefit due is the difference between the weekly total unemployment benefit amount plus \$2.00 and the actual earnings for the week.

During the first year of operation, 192,032 initial claims and 1,681,151 continued claims were filed in Rhode Island. The proportion of partial unemployment benefit claims was higher in Rhode Island than in most States. It constituted about one fourth of all claims filed. Benefit expenditures during the year amounted to \$9,499,225; the number of benefit payments was 1,077,311. Partial unemployment benefits accounted for 10.7 per cent of the amount and 18.2 per cent of the number of benefit payments. The monthly fluctuation in payments and the relative proportions spent for total and partial unemployment benefits are indicated in Chart 17, page 138.

To understand the effectiveness of certain procedures in Rhode Island, the degree of industrial concentration must not be overlooked. Three local offices, Providence, Pawtucket, and Woonsocket (all within a distance of fifteen miles of each other) had 82 per cent of the entire initial claim load. Forty-five per cent of it was handled in Providence, 21 per cent in Pawtucket, and 16 per cent in Woonsocket. Of the rest, 8 per cent went to the West Warwick office and the remaining 10 per cent was distributed almost equally among the three remaining offices, Warren, Newport, and Westerly. All offices had approximately the same proportion of partial unemployment benefit claims.

Rhode Island's success in paying partial unemployment benefits with dispatch and economy is attributable not so much to particular administrative devices with which specific problems have been met as to certain general characteristics of the administrative set-up in the State. Size and industrial concentration have helped it achieve its record for promptness. A very limited area has made it possible to dispense with the mails by using a personal carrier (called a "runner") to transport all papers, including checks, out

¹ Uncharged wage credits with respect to a claimant's base period and the period subsequent to this base period but prior to any week with respect to which benefits are payable.

from the central office every morning and in from local offices every evening. It makes it feasible also to use prompt communication between local offices on all important matters. Local office deputies can telephone the Employee Wage Record Section directly for information needed to process a claim which has become compensable. But the feature of the system which makes it possible to use these avenues of communication effectively is the degree of responsibility vested in local offices.

Chart 18, facing this page, presents the procedure in processing claims followed in Rhode Island as of November 1938.

Local Office Responsibilities

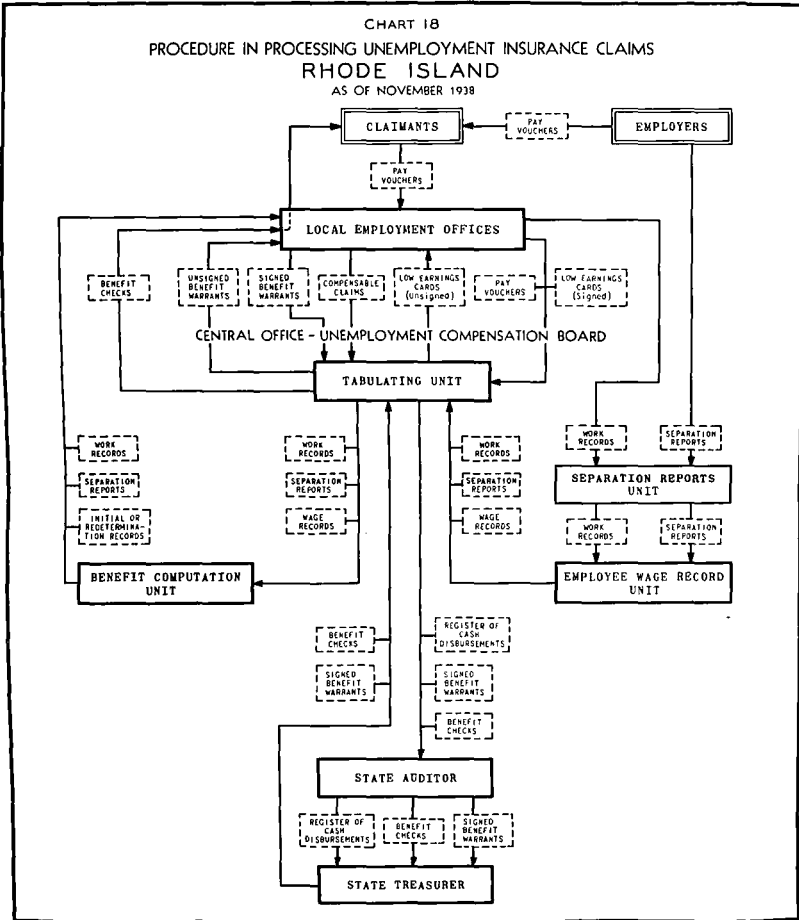
It was contemplated from the very beginning that the local office claims clerks should act as public representatives and should be given broad responsibilities for explaining rights to claimants and seeing that central office communications come through promptly. Although the local offices have been divested of the responsibility for securing separation reports which, under the original procedure, it was contemplated that they would assume, in other respects local office responsibilities have increased.

Within the first month, claims clerks found it was necessary for satisfactory service to have complete claim history records available at the local offices. The "Work Record" card was accordingly modified so that it contained not only waiting-period signatures and a statement of benefit rights but also the dates of each visit and of the receipt of each check. Further revision now provides a record which includes check number, amount of check, and total benefits paid. It is, in effect, a complete benefit payment ledger.

All claims are assigned to particular clerks who handle them for their entire duration. In handling additional claims, the clerks pull from the inactive file the local office records regarding earlier claims to see whether waiting-period credits are available and to determine whether new benefit statements based on more recent calendar quarters are needed.

The central office is brought into action by means of the work-record card prepared by the claims clerk in the local office, indicating what records are needed in order to establish a claimant's right to benefits. If a new benefit determination is required, the card specifies which calendar quarters should be included for the computation; if a former benefit rate is still applicable it may designate that benefit duration only is requested; or it may state that no benefit record is required. In such a case, on receipt of the work-record card, the central office secures only a separation report from the employer. The separation report is required by the local office so that the claims clerk can tell whether the circumstances of the claimant's separation from employment were such as to necessitate a determination by a local office deputy on possible disqualification for benefits. The work-record card is returned to the local office within a week or ten days with the benefit deter-

CHART 18
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 RHODE ISLAND
 AS OF NOVEMBER 1938



mination posted on it; a copy of the benefit determination card and the separation report are usually attached.

The work-record card then serves as a local office claim record. It is used for the claimant's weekly signature; it indicates the nature of the claim (whether partial or total unemployment is involved), the penalties imposed in connection with disqualifying reasons for separation from employment, earnings during weeks of partial unemployment, odd-job earnings, net amount of benefit due, date of compensable week for which a warrant has been signed by the claimant, check number and delivery date of all checks received, and total benefits paid in the course of the claim.

The claim itself is retained in the local office until the end of the waiting period. It contains waiting-period signatures and the signature of the claimant to a statement of his benefit amount and duration, which the clerk posts from the work-record card and submits to the claimant for acceptance. It is then sent to the central office where a benefit warrant is prepunched and sent to the local office for the claimant's signature. When signed, the warrant takes the place of a continued claim and also of a pay order.

The signed warrant is returned to the central office which uses it as a master card for punching a check. The warrants are dispatched daily, and the checks are punched daily. At the time checks are prepared, new warrants are prepunched for the following week. Checks and warrants are kept batched according to local office through the entire processing and sent out to the local offices in locked boxes the following morning. Unless stopped by a late separation report indicating voluntary quitting, some other cause involving a penalty, or an unusual circumstance, checks are invariably delivered on time.

Payments are controlled in the central office by serial numbers and a duration record on warrants. Special warrant forms are used to indicate that the claimant is applying for the final payment and when he receives it.² In case of discrepancy between central and local offices or between claimant and clerk, the claims clerk asks the central office for an audit of the warrant file. The central office notes on the "Audit of Paid Warrant File" form received from the local office a list of dates and amounts of payment and returns it before the claimant's next visit. Disputes about receipt of checks are necessarily rare since signed checks are personally delivered by the clerk at the time of the regular weekly visit, together with the warrant for the following week. The date of delivery and check number are recorded by the clerk on the work-record card.

The handling of a partial unemployment benefit claim requires very little deviation from this regular procedure. Claimants applying for partial unemployment benefits are required to substantiate low earnings with a properly prepared pay-envelope record. When

²The notice of final payment is retained by the claimant, and must be presented by him to show exhaustion of benefits in applying for a WPA job or relief.

the claim becomes compensable, the central office sends, in place of the usual warrant, a prepunched low-earnings card (on which the claims clerk records the benefit rate, the \$2.00 allowance, the earnings for the week, and makes the proper deduction to show the net amount due). The claimant signs this and it is sent, with the wage envelope or check stub attached, to the central office. There the postings and computation are checked and the net amount punched on the card. The check is prepared by mechanical reproduction from this card.

Partial unemployment benefit warrants are included in the serial numbering along with total unemployment benefit warrants. Where a claim changes from partial to total, the local office claims clerk destroys the prepunched low-earnings warrants and prepares a "blank" total unemployment benefit warrant. The "blank" warrants are given their proper serial numbers in the tabulating room of the central office at the time they are being punched. Thereafter, for the duration of the claim or as long as it seems necessary, the tabulating room sends the local office both a low-earnings warrant and a total unemployment benefit warrant, prepunched and properly numbered, so that the local office may use whichever it needs and destroy the other. Warrants not used because of the closing of a claim remain in the local office file in case the account is reopened.

When a claim is closed, the central office is notified on a stop-order form. The local office claims clerk removes from his active file all cards relating to the claim and files them in the inactive file by social security account number. This permanent file includes the claim card, the work-record card, and a copy of the benefit determination.

Central Office Procedure

A reference to certain central office procedures which have helped to make it possible to clear claims expeditiously will serve to explain why the Rhode Island central office has been able to keep up with a heavy load of partial unemployment benefit claims requiring special attention.

The Rhode Island procedure for processing wage records is excellent in clearing up possible errors before benefit computations are made, so that statements of benefit rights are almost never contested. First, procedure for processing wage records reduces to a minimum the possibility of error due to wrong social security account number of employee. A check on the completeness of the wage record, moreover, is provided by having the claimant list (on the work-record card) all his employers during the past two years.

In processing quarterly payroll reports, the Employee Wage Record Unit has the advantage of working from a master card for each covered employee in the State. This was punched from the Baltimore Alphabetical Index³ of social security account num-

³ An index of social security account numbers maintained by the Social Security Board.

bers before contributions began. The name and social security account number used on all wage-record cards come from this master file and not the payroll. When the first payroll reports were received, employee cards were pulled from the master file and assembled by employer. Where the proper card could not be found in the master file under the social security account number designated by the employer, the Baltimore Alphabetical Index⁴ was used to locate the correct social security account number. In case an error was found the correction was reported to the employer. In no case was the employer's record of social security account numbers used without verification. Where the employer did not report a number and the number was located through the Baltimore Alphabetical Index,⁴ the proper card was drawn from the master file. Where no social security account number could be found for the employee, the employer was notified that one must be secured. The entire payroll was then reproduced for name and social security account number. The new cards were filed in payroll order for use in punching the next quarter's wages.

As new payrolls come in, the prepunched set of cards is compared with the payroll for completeness, blank cards are inserted for omissions, and superfluous cards withdrawn. If new names cannot be found in the master file, the social security account numbers are checked with the Baltimore Alphabetical Index.⁴ When a complete set of cards has been assembled, the wages are key punched. The amounts punched are totaled and checked with quarterly payroll totals. The cards are then sorted by social security account number and filed in the wage-record file. The visible-record file of both social security account number and name provides a check on proper filing so that cards are rarely misplaced. Running them through the collator each quarter detects any misfiled cards. These files are kept in open drawers which do not have to be pulled, a device which has improved speed and accuracy both in pulling and in filing cards.

In addition to checking the accuracy of the wage-record file, the Employee Wage Record Unit checks on the completeness of a wage record before a benefit determination is made. When a local office request for a benefit computation comes in, it contains a list of employers and their registration numbers. If these numbers were not inserted by the local office, they are inserted in the Separation Reports Unit. If no registration number can be located, the Employer Record Unit checks, by field audit if necessary, to see if the employer is covered. The wage-record cards on file are pulled; social security account numbers and employer registration numbers are checked. If the wage-record file does not contain cards for all registered employers listed on the local office work record, the original payrolls are consulted. If there appears to be an omission in the payroll, the employer receives a communication which is followed by field investigation if necessary. Where the wage record is complete, the benefit rights are computed at once

⁴ An index of social security account numbers maintained by the Social Security Board.

and usually get back to the local office within a week. Where the wage record may be incomplete, once the claim becomes compensable, it is processed at once on the basis of such record as has been verified. As soon as additional wage credits have been established, an adjustment is made in the form of additional benefits.

Cases of incomplete wage records do not seem to occur in large enough numbers to constitute a serious problem. Apparently, thorough checking on employers through directories in the year before benefit payments started has produced fairly complete compliance with the Law as far as registration is concerned. The search for missing quarterly records more often than not reveals an error on the part of the employee.

The computation of benefit rates and the handling of claims involves the work of three units; the Separation Reports Unit, the Tabulating Unit, and the Benefit Computation Unit.

Local office communications go first to the Separation Reports Unit. The work-record card is received here and is used for heading up a separation report which is mailed to the employer. The report calls not only for an indication of reason for separation from employment, but also for lag-quarter earnings which may be necessary for benefit redetermination if benefits are exhausted. The work-record card is kept in the Separation Reports Unit pending receipt of the separation report. Usually, the employer fills in and returns the separation report within a few days, and the report (attached to the work-record card) is sent to the tabulating room for benefit computation. If the separation report is not received within four days, a second notice is sent out. After seven days, the employers who have not replied are reported to the Field Audit Unit which makes personal investigations. A telephone report of reasons for leaving is sometimes accepted tentatively, pending receipt of a signed report, in order not to delay payment on a claim where the question of penalty is not raised.

On receipt of the work-record card from the Separation Reports Unit, the clerks in the Employee Wage Record Unit pull wage-record cards and check the wage record for accuracy and completeness. If cards are not available for employers listed on the employment record of the claimant, the original payrolls are checked. If the record still appears to be incomplete, a form letter is sent to employers requesting them to check their payrolls for specified calendar quarters. If any unregistered employers are listed, these have already been reported to the Field Audit Unit by the Separation Reports Unit for investigation. The report of the Field Audit Unit is transmitted to the Employee Wage Record Unit. If a complete wage record is not available when the claim becomes compensable, the benefit determination is processed on the basis of a limited wage record, if necessary, and an adjustment is made later.

The benefit determination is partly a mechanical and partly a manual operation. The tabulating room prepares, in duplicate, a benefit-record card by listing wages for each quarter by machine

and by computing the full-time weekly wage and wage credits on a multiplier. The computations are verified with calculators. The wage-record slips are returned to the wage-record file.

The two copies of the benefit-record card and the work-record card are then sent to a separate unit which completes the computation of benefits. Here the weekly benefit amount and duration are computed with calculators. The amount, duration, and maximum benefit credits are posted by hand to the duplicate copy, to the work-record card, and also to a carbon copy of the separation report which goes to a statistical unit. The work-record card, benefit-record card, and separation report or notice of delay are then sent to the local office.

At the end of the waiting period, the Tabulating Unit receives the claim for benefits from the local office. From the information it contains, a claim-record card is punched and is then duplicated on a master-warrant card. From the master-warrant card, the first warrant is reproduced and returned to the local office for the claimant's signature. It serves as a continued claim form and also as a pay authorization. The signed warrants are returned to the tabulating room. Here they are first run through a listing machine which prepares a record of cash disbursements for the State Auditor and the State Treasurer. The signed warrants are then used for producing checks. (The checks come from the factory with serial numbers printed and prepunched.) After punching the name, date, and amount by mechanical reproduction from the signed warrants, the checks are ready for signature. The signed warrant then serves to reproduce another warrant, serially numbered, to be sent to the local office for the next pay order on the claim. As the exhaustion of benefits is approached, it is detected through the collator by a mechanical comparison of serial number and weeks of duration, and a warrant is prepared on a special final warrant form and sent to the local office. This is followed by another special form, "Final Payment," which accompanies the last check. The Final-Payment form is retained by the claimant as official evidence that his payments have been terminated. It must be presented to the proper authorities if he should apply for relief or WPA work.

When claims for partial unemployment benefits are received in the central office, a distinct master-warrant form is prepared to distinguish it from a total unemployment benefit warrant. Then in place of the usual warrant form, the information on the master warrant is duplicated on a low-earnings card which is sent to the local office for the claimant's signature and for a record of earnings. The pay envelope or wage voucher is attached in the local office to verify the earnings posted by the local claims clerk. In the tabulating room, the wage vouchers are detached, the earnings and the deductions are checked, and the net amount due is punched on the card. It is then used in exactly the same way as a regular warrant for check reproduction and record of payment.

The paid warrants constitute the official central office record of

benefit payments made. Current filing of warrants is made manually. Periodically, the entire warrant file is run through a collator to correct filing errors. Paid warrants for active claims are kept in a separate file. As the claims are closed, the Tabulating Unit removes all warrants pertaining to the claim and runs them through a machine which records on a summary card each payment made and the balance of benefit credits. Two copies of the summary card are prepared. One copy is placed in the active file and the paid warrants themselves are transferred to the inactive file. The duplicate copy of the card is sent to the statistical unit and then to the local office.

After the checks have been punched, they are run through a duplicator with blank forms to produce a set of dummy checks which are filed by check number and kept in the tabulating room. These are used for purposes of bank reconciliation. The checks, warrants, and register of cash disbursements are then sent on for preparation of vouchers by the State Auditor and for signature by the State Treasurer. The State Auditor compares warrants with checks and checks with the register of cash disbursements. He prepares vouchers and transmittal sheets which are sent to the State Treasurer's office. The checks are signed by a machine which rubber stamps the Treasurer's signature and automatically counts the number of checks issued. The checks are then returned to the Tabulating Unit (still batched by local office) where they are placed in locked boxes along with prepunched warrants for delivery to the local offices.

The efficiency of the Rhode Island system seems to be related to the ease of communication between central and local offices which in turn is related to the simplicity and standardization of forms and the small amount of writing required. The handling of a continued claim, for instance, requires only signature to the prepunched warrant on the part of the local office and, on the part of the central office, the prepunching of the warrant and later the mechanical reproduction of the check from the signed warrant. This procedure in the case of partial unemployment benefit is varied only by using a special low-earnings form in place of the usual warrant, by having the claims clerk in the local office record and deduct the low earnings and attach the pay envelope, and by having the central office check the posting and deduction of low earnings (before punching them on the low-earnings warrant) and produce a check.

A local claims clerk can secure verification of the checks received by claimant by heading up an "Audit of Paid Warrant File" form and transmitting it to the central office which records manually the date and amount of all payments made by consulting its paid-warrant file. This record is returned within a few days. If the central and local office records do not correspond, the claims clerk can prepare a transmittal of the local office record simply by posting to the transmittal sheet (in the presence of the claimant) the dates of the compensable weeks which have been served. The central office replies by making a notation of dates and amounts paid on the same

sheet. The paid-warrant file constitutes the official record of payment, but the central office will issue additional warrants if the local office reports compensable weeks for which no payment is recorded.

On the whole, the handling of checks and vouchers in Rhode Island seems much simpler than analogous procedures in other States. The administration appears to be characterized by an unusual degree of autonomy, which may account in part for the smoothness in operation of its procedures.

Administrative Problems of Partial Unemployment Benefit Payment

The procedure originally adopted placed upon the employee responsibility for securing a low-earnings report to substantiate his claim for partial unemployment benefits. He received the necessary form from the claims clerk in the local office after his waiting period had been served. He was requested to have his employer insert the necessary information and to bring the report to the local office on his next visit. In many cases, the report was presented to the employer before the payroll had been prepared for the week for which the low-earnings report was requested. In such instances the worker was unable to submit the report on his next visit to the local office.

Under this procedure, considerable difficulty was encountered with both the worker and the employer, and, beginning with March 28, 1938, a revised procedure was put into effect. Instead of having the employee return low-earnings reports to the local office, employers were requested to mail them directly to the central office. On receipt of the form, which was a combined claim and low-earnings report, the central office processed a check and sent it to the local office where it was given to the claimant at the time of his next visit. The objection to this procedure was that workers sometimes protested the amount of their checks, claiming that they were entitled to a greater amount. It then became necessary for the claims clerk in the local office to check the earnings reported to the central office. In many cases, it was found that the employer had made an error in reporting the amount of wages on the low-earnings report.

In order to overcome these difficulties, beginning with November 1, 1938, employers were required to furnish all workers with a receipt giving the information necessary to determine whether or not their employees were entitled to partial unemployment benefits. To be acceptable, the pay envelope or wage voucher was required to show the employee's name and social security account number, the employer's name, the week-ending date, gross wages earned, and deductions made. With the exception of a few employers who fail to cooperate in complying with requirements, the present procedure is working very smoothly.

The payment of partial unemployment benefits has entailed more work on the part of the administration in several other respects than have cases covering total unemployment but never to an extent to make effective administration impracticable. Most troublesome was

the difficulty involved in adjusting wage reports by payroll weeks to compensable weeks which dated from the filing of a claim. For a month or more, where the payroll week and the compensable week did not correspond, the weekly earnings were reduced to a daily average and reconstructed into weekly earnings to correspond to the benefit week. In addition to creating a task of computation, the reallocation often resulted in inequities, sometimes making a claimant eligible when his earnings for a payroll week exceeded the allowed maximum and sometimes making him ineligible following a payroll week of low earnings. A simplification requiring post-dating of claims to correspond to claimant's payroll week has resulted in a procedure which is generally accepted as equitable and workable.

At first, with the delay in reporting low earnings and the consequent accumulation of compensable weeks, the Unemployment Compensation Board considered it advisable to take advantage of a State law allowing payments up to \$50.00 on claims which it had been impossible to handle promptly, and to permit a quarterly accumulation of small amounts due in partial unemployment benefit cases to be paid by a single check. This attempt at economy presented objections on the ground of additional reporting requirements for employers and delayed payments to claimants. The procedure adopted, and still in use, provides processing each claim immediately, regardless of amount, even though checks are made out for only a few cents. A procedural change in this respect is contemplated, however, under which small benefit amounts will be allowed to accumulate in the local office until they reach a specified legal minimum before being transmitted to the central office.

The waiting-period requirements, two weeks for total or four weeks for partial unemployment in a thirteen-week period, also created confusion at first. The difficulty was partly one of constantly having to explain the provisions to claimants who felt it inequitable to report for four consecutive weeks and then be disqualified on the fifth week for earning over the legal maximum. But in part it was one of keeping track of waiting periods served earlier in the same thirteen weeks. This was one of the factors which led to greater decentralization of record keeping than was originally contemplated. At the present time, each local office has a complete history of all previous claims. As soon as a new claim is filed, the local office claims clerk immediately pulls the record of previous claims and with the help of a table giving for each calendar day the corresponding date thirteen weeks hence, he is able to advise the claimant immediately whether he has a waiting period to his credit on the basis of an earlier claim. The mastery of computing the waiting period has not eliminated the dissatisfaction arising from serving long waiting periods, often without becoming compensable. A liberalization in the Law is contemplated which would reduce the waiting period to two weeks for total and three weeks for partial unemployment benefits in an entire year.

Another provision relating to benefit for partial unemployment which has given the administration concern on grounds of equity,

even though it has not created procedural complications, has been the so-called "allowance" of \$2.00 above the benefit rate which in Rhode Island gives a partially employed person a claim to benefits if he earns less than his benefit rate plus \$2.00. Some local office deputies feel that workers who do not really need benefits fritter away their credits, at great administrative cost, by applying for the last cent they can claim under this provision, sometimes with the connivance of employers who adjust their work so as to keep their employees compensable as long as possible. A legislative amendment has been proposed by the administration to restrict payment of benefits to partially employed persons earning less than their benefit rate and to limit the benefit itself to the difference between the weekly benefit amount for total unemployment and earnings for the week of less than full-time work.

Since no distinction is made in Rhode Island between "partial" and "part-total" unemployment, statistically, both types of cases are classified as "partial." The procedures applying to partial unemployment benefit apply also to periods of complete separation from regular employment in which some subsidiary earnings have been received. Earnings under \$2.00 are disregarded in such cases. The use of the pay envelope as low-earnings evidence makes it possible at least to secure a wage record even for odd jobs from all covered employers without extra work on the part of local offices. Earnings from other miscellaneous sources are generally treated as cases of self-employment where the claimant's statement of earnings is accepted. A special difficulty presented by these cases has been the attempt of formerly unemployed persons who are engaged in practically full-time selling to subsidize low earnings by collecting partial unemployment benefits. A sworn statement as to amount of time worked and a few prosecutions have discouraged wide-spread abuse of benefit rights in such situations.

f. VIRGINIA

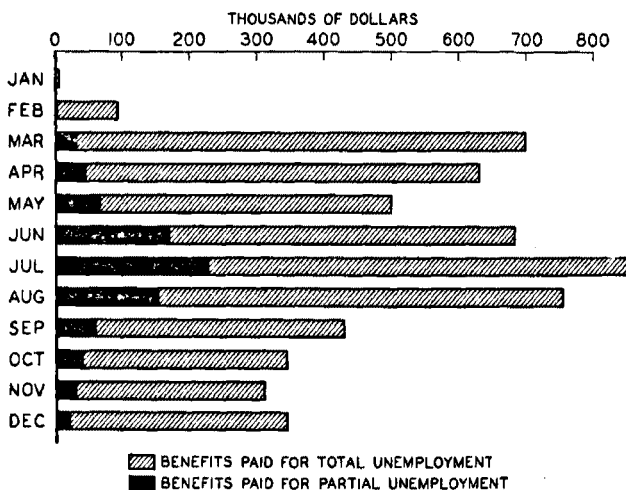
Virginia was one of the many States that adopted its legislation hurriedly in December 1936. As a result, the State had only one year in which to collect contributions from employers of eight or more workers for the two years 1936 and 1937. Benefit payment procedures for both partial and total unemployment were not adopted until November 1937. Amendments, effective June 30, 1938, modified the benefit provisions without touching their basic principles.

Briefly, these provisions call for weekly total unemployment benefits at the rate of 50 per cent of the statutory full-time weekly wage but not more than \$15.00 nor less than \$3.00. Benefits for partial unemployment are paid in weekly amounts equivalent to the difference between the total unemployment benefit rate and four fifths of actual earnings with the regular employer during a week of partial unemployment. For both forms of benefit, the rate is

reduced by four fifths of the odd-job or subsidiary earnings in excess of \$2.00. Benefit duration is limited to sixteen times the total benefit rate or one sixth of credited earnings in a base period consisting of the first eight of the last nine completed calendar quarters prior to the start of the benefit year; \$65.00 is the maximum that can be credited as earnings for any quarter.

Prior to amendment, the partial unemployment benefit rate was the difference between the total unemployment benefit rate and five sixths of earnings, and no mention was made of odd-job or subsidiary earnings. The result was that a recipient of total unemployment benefits who reported earnings from odd jobs in a week was considered "partially unemployed" and was paid benefits at the above rate. For this reason, "part-total" unemployment has not been distinguished from "partial unemployment." It may also be mentioned that prior to June 1937, a partially unemployed person was defined as one who earned less than six fifths of his total unemployment benefit rate. The amendment by which the partially unemployed claimant needed merely to earn less than his total unemployment benefit rate was adopted because the six-fifths clause was found administratively confusing. In other words, the administrative exigency led to a new definition which reduced the amount of compensable unemployment or loss of earnings by 20 per cent of the wages represented by the total unemployment benefit rate.

CHART 19
UNEMPLOYMENT BENEFITS PAID IN VIRGINIA, 1938



SOURCE - VIRGINIA UNEMPLOYMENT COMPENSATION COMMISSION

Two definitions of the "full-time weekly wage" are provided for

in the Law. The administrators may regard the most recent wage rate earned in the base period for the customary scheduled full-time week prevailing in the occupation as the statutory full-time wage. But if this proves "unreasonable or arbitrary or not readily determinable," the administrators may choose instead one thirteenth of the total wages in the calendar quarter in which wages were highest during the base period. In practice, employers report each quarter both the full-time weekly wage and the quarterly earnings for their employees.¹

TABLE 6. UNEMPLOYMENT BENEFIT PAYMENTS, BY MONTHS
VIRGINIA, 1938

MONTH	BENEFIT PAYMENTS			PARTIAL UNEMPLOYMENT BENEFIT PAYMENTS AS PER CENT OF ALL UNEMPLOYMENT BENEFIT PAYMENTS
	Total unemployment	Partial unemployment	Total and partial unemployment (a)	
Total	\$4,783,598	\$856,189	\$5,639,787	15.2
January	4,081	32	4,113	0.8
February	91,574	1,959	93,533	2.1
March	667,569	31,557	699,126	4.5
April	584,217	45,514	629,731	7.2
May	431,961	67,596	499,557	13.5
June	511,063	171,902	682,965	25.2
July	623,810	227,365	851,175	26.7
August	599,887	154,066	753,953	20.4
September	366,821	60,811	427,632	14.2
October	302,786	40,981	343,767	11.9
November	278,344	32,018	310,362	10.3
December	321,485	22,388	343,873	6.5

(a) Under the June 1938 amendments, deductions from the weekly benefit amount on account of odd-job and subsidiary earnings were authorized for "total" compensable continued claims. In figures above, however, all payments reduced by earnings deductions were included as "partial."
SOURCE: Virginia Unemployment Compensation Commission.

Benefit Statistics

Approximately 6,000 individual employers and 450,000 workers were covered by the Virginia system during 1938. As of December 31, 1937, Virginia had available for benefit payment a sum of \$8,367,459 collected from employers.² By December 31, 1938, after benefit payment of \$5,639,787² and further collections of \$8,294,423, the sum stood at \$11,253,883.³ Partial unemployment benefit payments accounted for \$856,189² or 15.2 per cent of all benefit expenditures. The number of workers who were in receipt of benefit during the year cannot be accurately stated.⁴ An idea of the extent and trend of benefit payment in 1938 may be secured from Tables 6 and 7, which show the amount and number of benefit payments by months. (See also Chart 19, page 150.)

¹ The central office procedure in this connection is described on pp. 158-159.

² *Ibid.* Includes a preliminary total for December, corrected to January 12, 1939.

³ Figure supplied by Bureau of Research and Statistics, Social Security Board.

⁴ Communication from the Virginia Unemployment Compensation Commission, December 21, 1938.

TABLE 7. NUMBER OF UNEMPLOYMENT BENEFIT PAYMENTS, BY MONTHS
VIRGINIA, 1938

MONTH	NUMBER OF BENEFIT PAYMENTS			NUMBER OF PARTIAL UN- EMPLOYMENT BENEFIT PAYMENTS AS PER CENT OF NUMBER OF ALL UNEM- PLOYMENT BENEFIT PAY- MENTS
	Total unem- ployment	Partial unem- ployment	Total and partial unem- ployment	
Total	\$592,064	\$213,232	\$805,296	26.5
January	536	8	544	1.5
February	12,044	464	12,508	3.7
March	87,097	8,331	95,428	8.7
April	73,125	12,613	85,738	14.7
May	52,714	16,861	69,575	24.2
June	61,651	48,117	109,768	43.8
July	75,949	59,939	135,888	44.1
August	72,577	34,023	106,600	31.9
September	44,355	12,984	57,339	22.6
October	35,744	8,505	44,249	19.2
November	34,574	6,818	41,392	16.5
December	41,698	4,569	46,267	9.9

SOURCE: Virginia Unemployment Compensation Commission.

The relatively small proportion that partial unemployment benefit payments were of all benefit payments in the initial months may be attributed to the fact that in Virginia, as in other States, the backlog of claims due to the initial rush to file for benefits was reduced for total unemployment benefits first and for partial unemployment benefits later. An official of the Virginia Division of Research and Statistics made the following comments along these lines: "In general, I would say that the clearing up of the initial claims rush was primarily responsible for the payment load through May, that unemployment was primarily responsible for our June and July loads, and that both improved employment conditions and exhausted wage credits figure heavily in subsequent reduced payments."⁵

The average total and partial unemployment benefit payments for the different months are shown in Table 8.

TABLE 8. AVERAGE MONTHLY BENEFIT PAYMENT FOR TOTAL AND PARTIAL
UNEMPLOYMENT
VIRGINIA, JANUARY-DECEMBER 1938

MONTH	AVERAGE BENEFIT PAYMENT	
	Total unemployment	Partial unemployment
January	\$7.61	\$4.00
February	7.60	4.22
March	7.66	3.79
April	7.99	3.61
May	8.19	4.01
June	8.29	3.57
July	8.21	3.79
August	8.27	4.53
September	8.27	4.68
October	8.47	4.82
November	8.05	4.70
December	7.71	4.90

⁵ Communication dated January 14, 1939.

The average partial unemployment benefit payment was, thus, generally about one half the average payment for total unemployment.

Administrative Problems

By the close of 1938 the Virginia administrators had succeeded in overcoming many of the largest problems that had arisen at the start of the first benefit payment year. Perhaps the most imposing of the problems were those attributable to the intricate provisions of the Law. Especial difficulty was found in the application of the "full-time weekly wage" provision to partial unemployment benefits. For example, in the organized section of the coal fields of southwestern Virginia, which includes about 20,000 miners,⁶ the "full-time week" is viewed as consisting of five days in accordance with an agreement between the trade union and employers. Under the Statute, the Unemployment Compensation Commission could then take the scheduled hours in the five-day week and multiply by the hourly rate to obtain the statutory full-time weekly wage. But for several reasons such a procedure would be undesirable. In the first place, the accepted full-time week in the unorganized coal fields is six days. In the second place, hourly pay rates have little meaning in the mines where wages depend on the volume cut out and on the difficulty of working a seam. Moreover, wage computation on these bases takes place semi-monthly. In such a situation the difficulty of applying the legislative provision for use of the customary full-time weekly wage was insuperable, and the Commission decided to utilize the "one thirteenth of quarterly earnings formula" in calculating partial or total unemployment benefits for miners.

The waiting-period provision for partial unemployment has proved administratively difficult in Virginia as in other States. Counting a partial unemployment week as only half a week for waiting-period purposes has tended to lengthen the waiting time. A partially unemployed worker in Virginia must wait four weeks before benefits begin. When he files a claim, his total unemployment benefit rate must immediately be determined and he and his employer apprised of it. Actually, the period can exceed four weeks if the worker has weeks in which he earns more than his total unemployment benefit rate.⁷ Such a worker's claim can drag on until perhaps, owing to the start of a new calendar quarter and the change in his total wage credit, his benefit rate must be redetermined, himself and his employer renotified, and his waiting-period status reviewed. This may happen several times before the claimant's benefit year can actually begin. Another contingency is that the worker may become fully employed before his waiting period has been fully served. The same difficulties described above for other States have been found to inhere in the thirteen-week limita-

⁶ At a given time, about 16,000 of these are at work. Since January 1938, 9,000 have usually been receiving partial unemployment benefit.

⁷ A week of partial unemployment counts neither as a waiting nor a compensable week unless the worker's weekly earnings are less than the total unemployment benefit rate.

tion in counting back waiting weeks. It was not surprising, therefore, that the administrative sentiment in Virginia should be for simplification of these legislative provisions. The administrators hold themselves fortunate in that once a benefit year has passed for an individual, his benefit rate stays the same. As stated above, redetermination is a problem only during the waiting period.

Aside from legislation, the Virginia administration was faced with other problems, such as employer reporting. Partial unemployment benefits necessitate weekly reports by employers and easily prove a serious burden on the employers who have tended to regard even quarterly payroll reporting as onerous. The Unemployment Compensation Commission found the Virginia employers fully cooperative in taking on the duties entailed by partial unemployment benefits.

The Chairman of the Commission advised that the employers in the State had been consulted and proved very helpful in working out the necessary procedures. In the spring of 1938, after a large lay-off of employees in the Danville textile mills, the Danville employers were readily won over to the idea of adding enough information to the check stub given the employee along with his check to make possible the use of the stub as a voucher of low-earnings report.

Other difficulties were not related to partial unemployment benefits alone. All records are posted by bookkeeping machines. In removing wage-credit records from the files for benefit-computation purposes, it was found that errors of transcription and faulty refiling occurred frequently. The Virginia Commission thereupon installed a photostat machine in the file room itself. Photostats are today taken of all necessary wage-credit records,⁹ which virtually never leave the files. The photostats are then used in lieu of the record. Another difficulty relating to the proper identification of claimants for benefit was resolved through a three-way file system.

Local Office Responsibilities

The institution of a claim for partial unemployment benefits rests with the Virginia worker himself. It is presumed that any worker, becoming partially unemployed and believing himself entitled to benefit, will notify a local office of that fact.⁹

Chart 20, facing this page, shows the procedure followed in processing claims in Virginia as of November 1938.

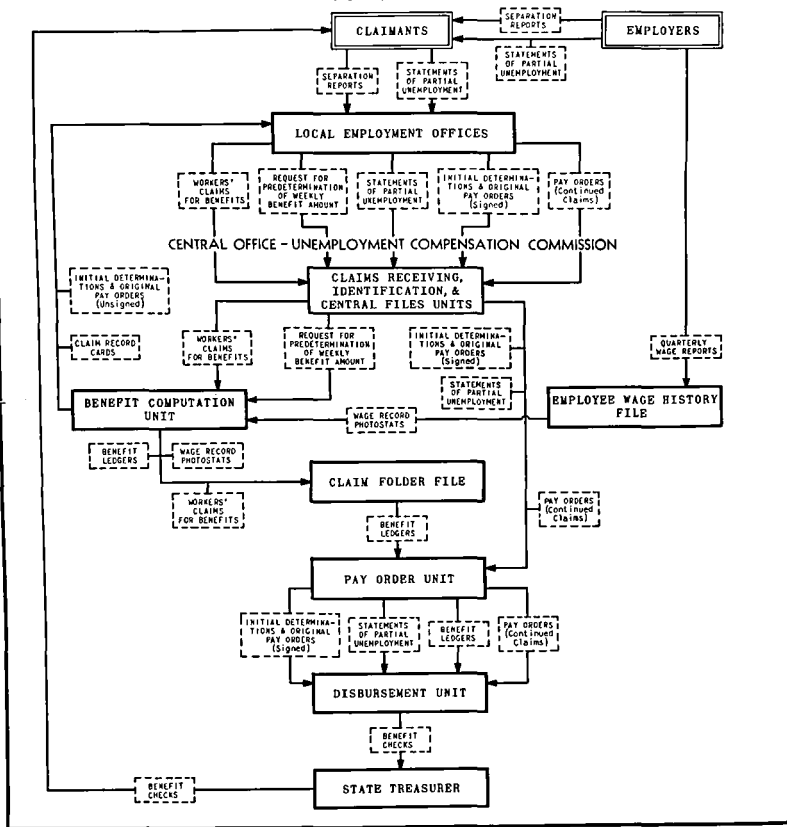
Such a worker appearing at the local office is interviewed by a deputy who, if he believes the worker can make out a case for

⁹ It takes a few seconds to photograph a record and fifteen to twenty minutes to develop and dry a batch of photostats.

⁹ In all covered establishments, a card entitled "Notice to Workers Becoming Partially Unemployed" (UC-va-B-29 revised) must be posted. This card informs the employees that they are entitled to benefits for partial unemployment in any week of less than full-time work if (1) the wages for such week are less than the weekly total unemployment benefit amount, (2) the earnings in the first four out of the last five completed calendar quarters exceed sixteen times the weekly total unemployment benefit amount, and (3) they are available for work.

CHART 20
 PROCEDURE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS
 VIRGINIA

AS OF NOVEMBER 1938



partial unemployment benefits, executes in duplicate a form entitled "Request for Predetermination of Weekly Benefit Amount."¹⁰ On this form the deputy fills in the date, name, and social security account number of the worker, the name, address, and registration number of the present employer, such other employers as the worker can recall having had in his base period (the first eight of the last nine completed calendar quarters preceding the start of the individual's benefit year), and any recent variations in the worker's name. The worker is informed that he will be notified when the predetermination is received.

The original of the form is sent to the central office at Richmond where the Benefit Computation Unit computes the weekly benefit amount for total unemployment, enters the rate, and returns the form to the local office. The copy of the form remains on file in the local office until the original returns from the central office, when it is pulled out to have the weekly unemployment benefit amount entered and is then refiled.

Upon receipt of the predetermination, the worker is notified by postal card to report back to the local office. When the worker reports the second time, he is given the original predetermination form to which is stapled a letter to the employer instructing him as to the procedure for reporting low-earnings weeks for the given employee. The employer must then fill out the stapled forms and eventually give to the employee a form entitled "Statement of Partial Unemployment."

The function of this form is to establish that the worker has served the waiting period provided in the Law, viz., two weeks of total unemployment or its equivalent, four weeks of partial unemployment. An accredited week of partial unemployment is one in which the earnings are less than the weekly benefit amount for total unemployment and which occurs not later than thirteen weeks prior to the date of the initial request for predetermination. The weekly benefit amount and the starting day of the thirteen-week period are given the employer on the predetermination form and letter handed him by the employee. The employer checks over his payroll records and enters on the Statement of Partial Unemployment the number of low- or "no-earnings" weeks. Any four such entries are sufficient to establish the consummation of the waiting period except that the first week recorded must be one of partial unemployment. Any "no-earnings" week or week of total unemployment, after the first week reported, is counted as two weeks of partial unemployment.

The employer is required to return the Statement of Partial Unemployment to the worker, but not before it shows completion of the waiting period. In addition to reporting the low-earnings weeks (which include the week-ending date, hours worked, and earnings), the employer also reports the reasons for reduced earn-

¹⁰The posted notice card also instructs the worker to "request a predetermination" of his weekly benefit amount at an office of the Virginia State Employment Service and lists the further steps required of him.

ings in any week other than lack of work,¹¹ the worker's name, social security account number, weekly benefit amount, and the "normal number of working hours constituting a full work-week"¹² for the worker.

With his waiting period completed and recorded, the employee personally returns the Statement of Partial Unemployment to the local office. The local office now destroys its copy of the predetermination form. A claim taker fills out a form, "Worker's Claim for Benefits," making the date of filing of the claim that of the request for predetermination. This form, the actual claim for benefit, is used both for partial and total unemployment benefits. It is filled out through questioning the claimant. The worker is given the carbon of an identification card which contains his name, address, social security account number, last employer, and reporting day and time (i.e., two weeks from date for partial unemployment). The local office enters the claimant's name and date of claim on a claims register, in which serial numbers are preprinted. The serial number corresponding to the entry in the claims register is then written on the Statement of Partial Unemployment, the Worker's Claim for Benefits, and the Identification Card. These three forms are then clipped together and sent to the central office.

After filing of the claim, the worker is told to report in two weeks and bring with him a Statement of Partial Unemployment filled out by his employer to show earnings in each of the two weeks. The worker is not required to register for employment. No mailing of the continued low-earnings reports by employers is permitted. They must be brought in personally. As for the first Statement of Partial Unemployment, the employer does not give the worker the statement unless the earnings in each of the two weeks are below the predetermined weekly benefit amount.

These reports are brought in by the worker so long as he continues partially unemployed and eligible for benefits. If the worker becomes totally unemployed and separated from work, the claim from that point is handled as one of total unemployment. On the basis of (1) the Statement of Partial Unemployment, the Worker's Claim for Benefits, and the identification card sent by the local office and (2) the earnings record in its own files, the central office fills out the benefit determination on a form, "Initial Determination and Original Pay Order," which, together with a carbon copy on the claim-record card, are forwarded to the local office.¹² These forms usually arrive at the local office before low-earnings weeks are reported a second time. On his next visit, the information contained on the Initial Determination and Original Pay Order is discussed with the claimant who "accepts" it by signing the form.

¹¹ The employer is requested to report the number of days on which the worker failed to report although work was available. For each such day, the local office adds one sixth of the full-time weekly wage (if the claimant normally works six days a week) to the reported earnings in computing the benefit amount due.

¹² In other States, the claim-record card originates at the time of filing of the claim in the local office which subsequently enters the determination data sent by the central office. In the case of total unemployment claims, until the determination arrives, the Virginia local offices utilize a 3x5 "cross-index card" on which weekly reporting data are temporarily entered.

He has five days in which to appeal if he disagrees with the statement. On the form the local office also enters all final dates and earnings during weeks following the waiting period. Signed and certified by the claimant, the form then goes back to the central office to set in motion the actual check-writing machinery. The claim-record card, filed alphabetically by reporting day, remains at the local office where entries are made on it of the amount of each pay order. In this way the local office can keep track of the claimant's compensable and non-compensable weeks. When the employer's pay period is on a weekly basis, the week-ending dates of waiting period and compensable weeks are the same as the pay-period ending dates; otherwise, the local offices are instructed to carry partial unemployment benefit claims on a calendar week basis.

It is important to note that the final computation of weekly benefit amount due is done by the local office. The central office provides the weekly rate, the local office makes all the necessary deductions¹³ and writes down the "amount due." The worker thus knows what the amount of his first check should be.

Pay orders, subsequent to the first, are made on a different form, the "Benefit Payment Order." Here, too, the local office gives the amount due the workers. But on the same form it may also inform the central office that the worker is disqualified for any week or that his claim is terminated. Termination is indicated by a stamp. It may be due to reemployment, failure to report, or other reasons. The calculations on both original and subsequent pay orders are checked by the central office, which otherwise merely approves them for payment.

The local office makes out no pay order if the benefit amount is less than \$2.00 but waits until such sum has been accumulated over two or more weeks. However, if a low weekly benefit of less than \$2.00 is followed by a high weekly benefit such that the sum due the worker exceeds \$15.00, two pay orders and two checks are made out.¹⁴

For statistical purposes, the local office may send the central office either of two cards, "withdrawing" or "terminating" a claim. The withdrawal card (colored blue) notifies the central office of the termination of a claim "before compensable status is reached." The terminating card (colored pink) does the same "after compensable status is reached." In the period January-December 31, 1938, 20,720 (13.7 per cent) of all the initial claims filed were withdrawn by the local offices. "Failure to report" was the principal reason for withdrawal, accounting for 57.2 per cent of the withdrawals; "return to work" accounted for 30.3

¹³ The legislative amendment of June 1938 simplified this task for the local office by providing for one arithmetical operation whether the claim is for total or partial unemployment benefit. In both cases, the first \$2.00 of odd-job or subsidiary earnings is disregarded and four fifths of all other earnings is deducted from the given weekly total unemployment benefit rate.

¹⁴ If the benefit for one week is \$.95 and \$14.50 for the next, the sum would be \$15.45, but the two amounts would have to be paid separately since a check for more than \$15.00 cannot be made out. Therefore, the above procedure does not enable the State entirely to avoid the writing of small checks under \$2.00. However, the occurrence of cases such as the example given is hardly likely for partial unemployment.

per cent and "excessive earnings" for 5.4 per cent. Of initial claims, 91,330 or 60.4 per cent were terminated. The most important reason for termination was "exhausted credits" which made up 54.0 per cent of the terminated claims. "Return to work" and "failure to report" accounted for 30.2 per cent and 8.7 per cent of the terminations.

Central Office Procedure

The Virginia central office has three essential responsibilities in connection with the processing of benefit claims: (1) the maintenance of files that enable a rapid check to be made of claim data such as the social security account number, the employers for whom the claimant worked in his base period, the liability of such employers, etc., (2) the transcription of data from employer quarterly reports on wages paid their employees to individual employee wage-history cards, and (3) the computation of benefit rights on the basis of the employee wage-history cards and the claim forms sent in by the local office.

The movement and processing of a benefit claim through the various units of the central office is practically the same whether the claim is for total or for partial unemployment benefit. The actual claim sent in by the local office is the duplicate copy of the Worker's Claim for Benefit containing the following facts filed in by the local office—claim number, social security account number, claim for total or partial unemployment benefits, previous claims filed, name, address, reason for separation, last employer's name and registration number, other employers in base period, reasons and period of disqualification, if any, and dates of the waiting period. A Claims Receiving Unit receives and batches these claims. The claim then goes to the Identification and Central Files Units where the stated facts are thoroughly checked. All covered workers are indexed both alphabetically and by social security account number. In addition, workers are indexed in a file which shows all their employers in the base period. If additional employers are found listed on the file card, this information is written on a form which is then attached to the Worker's Claim for Benefits. The files also show whether previous claims have been made by the worker.

The next important step is to secure the wage history corresponding to the claim from the file of employee wage-history cards which show for each of eight quarters the full-time weekly wage, the total wages, employer registration number changes, wage credits (up to \$65.00 per quarter), and the benefit "balance." The employee's card is filed under his last employer,¹⁵ but the employers are indexed alphabetically in one quarter and by registration number the next in order to catch duplicates.¹⁶

¹⁵ These records are entered by posting machines, one of which turns out 1,800 records a day.

¹⁶ If an employer is contributing separately for an employee under two firm names and one registration number, or under two registration numbers and one firm name, the reports will be brought together by the alternate indexing.

A photostat copy is made of the wage-history card which is immediately returned to its place in the files.

The claim, additional employer form, and photostat copy of the wage record now move to the Benefit Computation Unit. On a white blank section of the photostat copy a computer strikes the following stamp:

Claim Number - - - - -
F.T.W.W.
1/13 - - - - Quarter - - - -
W.B.A.
16 Times W.B.A. - - - - -
Qualifying Amt. - - - - -
Total Earnings - - - - -
Total Credits
- - - - W - - - - 1 - - - -
Date - - - - - Intl - - - - -

Using the information on the photostat, the computer makes an entry for each of the items, copied or computed as the case may be. The full-time weekly wage (F.T.W.W.) is copied, and one thirteenth of the wages in the highest quarter is computed.¹⁷ The weekly benefit amount (W.B.A.) is half the full-time weekly wage unless this is out of proportion to the earnings record, in which case one twenty-sixth of the highest quarterly earnings is used. The next to the last item is the number of weeks of benefit and the last fractional week, if any.

After the computation, an entry is made on the Worker's Claim for Benefit showing approval or disapproval and for what reason. The benefit rights—for total or partial unemployment, maximum amount, weekly amount, and number of weeks at given weekly amount and one week at a fractional amount—are entered on the top of a benefit ledger, which will subsequently show the dates and amounts of check payments.¹⁸ The lower carbon of the claim is then detached and sent to the statistical unit. The upper carbon is stapled to the photostat copy and placed in a claimant's folder where it awaits the arrival of pay orders.

The above procedure is applied to both partial and total unemployment benefits, but the sequence of steps differs for partial unemployment claims. The partial unemployment claim is preceded by the Request for Predetermination of Weekly Benefit Amount. On receipt of this form from the local office, the Benefit Computation Unit in the central office is supplied with the photostatic transcript of the wage history from which it fills out only the items through "W.B.A." on the stamp. The photostat is then filed until the Worker's Claim for Benefits and Statement of Partial Unemployment filled out by the employer arrives from the local office, when the remainder of the stamp is filled

¹⁷ All initial computations are done by pencil to save time. Computers check the calculations by machines.

¹⁸ Carbon copies are made on the Initial Determination and Original Pay Order form that is sent immediately to the local office.

in. Thereafter, there is no difference between the processing of partial and total unemployment benefits.

At the end of the waiting period, the central office receives the Initial Determination and Pay Order from the local office with a statement of the amount due. The benefit ledger which has been filed by claim number is pulled from the file, clipped to the pay order, and sent to the Pay Order Unit, where the accuracy is checked. The ledger and pay order are finally forwarded to the Disbursement Unit where the checks are written and the ledgers posted. The checks are mailed to the worker by the State Treasurer in accordance with the general laws of Virginia.

Mass Reporting of Partial Unemployment

Most of the partial unemployment benefit payments in Virginia in 1938 have been made to coal miners in the southwestern portion of the State and to textile workers, especially in the Danville mills.¹⁹ In these industries, mass partial unemployment has been handled as follows: The employer notifies the local office of the pending lay-offs and supplies a list of the names and social security account numbers of the employees to be affected by reduced hours. No special form is used. This list is sent to the central office which predetermines a weekly total unemployment benefit rate for each name given. The list, with the weekly benefit amounts affixed next to each name, goes back to the employer who makes out low-earnings reports as described above. The employees individually leave their low-earnings reports with the claims taker, who may come to the plant to receive them and make out the claims. Otherwise, the procedure for mass partial unemployment reporting is not different essentially from that for individual partial unemployment.

Itinerant Service

In outlying rural areas, an Itinerant Service makes arrangements for its representatives to meet totally or partially unemployed employees at stipulated times (ordinarily every two weeks). Sometimes the premises of the employer may be used for this purpose. Claims taken by the Itinerant Service are dated back to the date of separation (or lay-off), provided this date is not prior to the most recent visit of the itinerant representative.

¹⁹ In the second calendar quarter of 1938, 77,591 or 29.3 per cent of the 265,081 benefit payments made were for partial unemployment. Manufacturing and mining and quarrying accounted for 71,606 or 92.4 per cent of partial benefit payments. Workers in manufacturing received 59 per cent and workers in mining and quarrying 33 per cent of all payments for partial unemployment. (Data supplied by Virginia Unemployment Compensation Commission.)

2. UNEMPLOYMENT INSURANCE EXPERIENCE IN NEW YORK IN 1938— A STATISTICAL SUMMARY

a. SURVEY OF BENEFIT ACTIVITIES, 1938

During the first calendar year of unemployment benefit payments in the State of New York, 2,577,069 claims for benefits were received at the central office of the Division of Placement and Unemployment Insurance. Of this number, 2,178,316 (85 per cent) were disposed of, leaving 398,753 (15 per cent) on hand on December 31, 1938 as either not having had a determination made (378,680) or (after having been declared eligible) as not yet having been certified for payment (20,073). Table 9, Survey of Benefit Activities, presents statistically a summary of operations during 1938. Due to a change in the Law, effective April 1, 1938, there are two benefit years in the period covered by this description. A later chapter will compare the experiences during each of the benefit years constituting 1938. Quarterly trends also are shown in Table 9, and a detailed analysis is given in Subsection b of this Section (see pages 166-181).

Statements of benefit rights were prepared in a routine manner for 1,898,525 claims, 1,289,204 or 68 per cent having been adjudged eligible and 609,321 or 32 per cent having been declared ineligible. Through contests and special procedure, it later developed that of 575,489 original claims declared ineligible (33,832 additional claims having been declared ineligible), 76,834 or 13 per cent were in reality eligible. Most of these erroneous determinations were attributable to the absence of proper safeguards in the employee wage-record file at the central office.

The remainder of examined claims were either removed to be processed by a special procedure or to be voided. During 1938, special procedures, falling outside of the stop-order routine, were invoked in the case of 82,365 claims. Of this number, 79,660 were additional claims filed in the first benefit year, i.e., prior to March 10. Due to lack of information regarding the waiting period and benefit payments attributable to the original filing, these required the preparation of a special form (ES-450) by the local offices furnishing these data. It is not known how many of these claims were eligible or how many ineligible, since an ES-450 represented one or more additional claims filed by a claimant. It is known, however, that 11,338 Forms ES-450 applicable to additional claims were certified for payment.

The 2,705 other claims removed for special processing are known as "delayed" claims. At least one compensable week had elapsed by the time these claims were received at the central office. It should be noted that this figure is not the total number of delayed claims received. The segregation of delayed claims for special handling became effective in August. The procedure requires that delayed claims should be accompanied by an ES-460 form. Most of the local offices, therefore, forward their delayed claims directly to the Contested Claims Section. The 2,705 mentioned

TABLE 9. SURVEY OF BENEFIT ACTIVITIES, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
BY QUARTERS, JANUARY 1-DECEMBER 31, 1933

	TOTAL JANUARY- DECEMBER	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
New benefit claims received at central office	2,577,069	944,805	673,608	460,763	497,893
Determined eligible ¹	1,289,204	399,608	438,122	283,228	168,246
Found ineligible ²	609,321	341,061	116,916	95,448	55,896
Invalid or duplicates ³	217,499	19,379	31,179	43,144	123,797
Removed for special procedure ⁴	82,365		79,660	998	1,707
On hand, end of period	378,680	184,757	192,488	230,433	378,680
Claims determined eligible	1,289,204	399,608	438,122	283,228	168,246
Claims withdrawn prior to payment ⁵	103,053	38,166	39,025	20,988	4,874
First certifications, ordinary procedure ⁶	1,161,587	332,359	333,413	325,401	170,414
Claims removed for special procedure ⁷	4,491		1,016	85	3,390
On hand, end of period	20,073	29,083	93,751	30,505	20,073
Total benefit accounts opened ⁸	1,401,955	335,757	372,632	468,884	224,682
Closed ⁹	1,183,640	136,322	398,372	314,527	334,419
On hand, end of period	218,315	199,435	173,695	328,052	218,315
Active ¹⁰	51,586	199,435	173,695	123,418	51,586
Suspended for recalculation ¹¹	122,295			168,888	122,295
Suspended for rectification ¹²	14,157				14,157
Suspended for readjustment ¹³	30,277			35,746	30,277
Contests, protests, tracers, complaints, and inter- mittent workers' claims received ¹⁴	420,644	20,220	125,363	134,086	140,975
Adjusted ¹⁵	357,483	9,583	85,767	136,229	125,904
On hand, end of period	63,161	10,637	50,233	48,090	63,161
Benefit checks forwarded to Department of Audit and Control	10,640,287	1,484,533	3,450,486	3,558,492	2,146,776
Cancelled	2,660,366	139,460	363,263	966,422	1,191,221
Released to claimants	7,409,557	1,205,615	2,803,219	2,219,418	1,181,305
On hand, end of period	570,364	139,458	423,462	796,114	570,364
Unemployment insurance funds					
On hand, beginning of period	\$97,831,974	\$97,831,974	\$105,524,382	\$106,501,358	\$118,953,794
Contributions deposited, exclusive of refunds	\$125,238,151	\$21,014,163	\$33,347,499	\$38,340,094	\$32,536,395
Interest credited	\$2,450,309	\$530,732	\$614,250	\$630,620	\$674,707
Benefit checks released by Department of Audit and Control (net after refunds)	\$87,330,639	\$13,852,487	\$32,984,773	\$26,518,278	\$13,975,101
On hand, end of period	\$138,189,795	\$105,524,382	\$106,501,358	\$118,953,794	\$138,189,795

¹ Claims determined eligible at central office (Bureau of Insurance Control). Includes initial claims only; no continued claims are filed in New York State which operates on the stop-order system of benefit payments.

² Ineligible because of no record of covered employment, insufficient earnings in the base year, or because of exhaustion of benefit rights through payments made in connection with a previous claim.

³ Invalid claims are those found defective by the central office and rejected (returned to local offices), those filed by workers obviously not entitled to benefits, those withdrawn prior to the determination of benefit rights, or those which appear to have been disposed of previously by a complaint or tracer. Most of the claims in this category were "additional claims" (i.e., claims filed subsequently to the "original" or first claims) filed in one or another of the two benefit periods contained in 1938. The first benefit period ended on April 6, 1938; the second benefit period began on March 10, 1938. The difference in dates is due to the waiting-period provisions of the Law.

⁴ Claims were removed for special procedure whenever they could not be settled under the stop-order routine. This was true especially of the additional claims filed in the benefit period prior to March 10. Such claims were settled by means of special claim adjustment reports prepared after interviews with claimants in the local offices.

⁵ Withdrawn because of reemployment, refusal to accept suitable employment, or failure to report in the course of the statutory waiting period. This figure does not reflect all withdrawals, but only those which were acted upon by the central office promptly prior to the establishment of an account. Many accounts were established for claimants who had actually withdrawn their claims. In such cases, benefit checks prepared by the Division of Placement and Unemployment Insurance were later cancelled by the Department of Audit and Control.

⁶ The opening of a benefit account is signaled by the preparation of the first certification of continued unemployment which is mailed to the claimant.

⁷ Relates chiefly to additional claims withdrawn for recalculation.

⁸ Some of these were opened on the basis of contests, complaints, protests, tracers, delayed claims, or claims by intermittent workers.

⁹ Closed because of exhaustion of benefit rights, reemployment, refusal to accept suitable employment, or failure to report at the local office.

¹⁰ Accounts for which checks and certification cards are being prepared currently.

¹¹ Recalculation in accordance with the Statute which provides that the duration of benefits is conditioned by earnings reported by employers in the fixed calendar base year or the rolling base year (first four out of the most recent five completed calendar quarters), whichever is the greater, subject to the flat sixteen-week maximum.

¹² The benefit account is embodied in a punch card known as the "control card." The beneficiary is debited on this account with checks when the certification cards are mailed to him. If such certification cards are later invalidated, the debit entry must be reversed by a credit entry. In December 1938 a thoroughgoing inventory and audit of control cards was undertaken, and some active accounts were suspended for this purpose.

¹³ These accounts were opened on the basis of contests, protests, or tracers. All checks due to the claimant up to the date of the claim adjustment report received from the local office were prepared and the account was then suspended until the corresponding control card could be brought up to date. When this is accomplished, regular benefit payments are resumed.

¹⁴ Received in central office after investigation by local offices. This procedure has been modified several times during the year. At present the claim adjustment report is embodied in a form known as ES-460. Some claim adjustment reports accompany claim revival forms concerning intermittent workers.

¹⁵ By correspondence, return to local office, or certification for payment. Some tracers do not require the preparation of checks but merely the submittal of certain information which is lacking in local office files.

above are only those which were received in error among the routine claims. From the inception of delayed claim procedure to December 31, 1938, 7,829 such claims were received. Of this number, 3,752 were determined eligible, 374 ineligible, and on December 31, 3,703 were still on hand. A large proportion of delayed claims was received from the Out-of-State Resident Unit.

A detailed composition of claims removed and voided is presented as an aid to the interpretation of the other data. Table 10 shows why these claims were removed and voided.

TABLE 10. CLAIMS REMOVED AND VOIDED, BY REASON
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE — 1938

	CLAIMS REMOVED AND VOIDED		
	Total	Original	Additional
Total	(a) 200,450	9,958	190,492
Voided			
Obviously not covered	1,687	1,687	
Withdrawn prior to computation	8,449	7,928	521
Duplicates	52,214	343	51,871
Removed			
Superseded by a claim filed less than one week later	65,804		65,804
Processed through ES-460 procedure	72,296		72,296

(a) Excludes 17,049 claims returned to local offices for additional information and still outstanding as of December 31, 1938. Segregation into original and additional claims is not available.

Table 10 clearly indicates the difficulty of operating under the "stop-order" system of benefit payments. Under the "pay-order" system, not a single one of the 200,000 claims would have been forwarded by the local office to the central office.

During the year, 822,652 additional claims were examined. Thirty-eight per cent of these were on hand December 31, no benefit determinations having been made. Of the 511,329 additional claims disposed of, 16 per cent were removed for special procedure, and 14 per cent because they were previously processed on a complaint, protest, tracer, etc., form. Under a pay-order system, such a situation could not arise. In addition, it would be impossible to obtain more than 50,000 duplicate claims and approximately 66,000 claims which would be superseded by other claims filed less than one week later.

Of the 1,289,204 claims adjudged eligible in the routine procedure, 20,073 or less than 2 per cent had not been disposed of as of December 31. Some of these (6,155) were not yet due for payment, the necessary statutory waiting period not having elapsed. More than 8 per cent of the 1,269,131 eligible claims disposed of were stopped prior to payment, because during his waiting period the claimant obtained employment, refused suitable employment, or failed to report as required. First certifications were prepared in the case of 1,161,587 claims. Of the 4,491 removed for special handling, 1,105 were original claims

filed in the first benefit year (i.e., prior to March 10) and removed to expedite the preparation of checks due them. The balance (3,386) were all additional claims, 1,890 of them requiring recalculation, 1,495 having had more checks prepared for them than were due, and the remaining one had been previously processed by the Contested Claims Section.

During the year, 1,401,955 benefit accounts were established. It is not known for how many individuals accounts were established, since a new account is opened to replace any account withdrawn or stopped in error on complaint of a claimant and since some individuals may have had several accounts established during the year. For the 1,161,587 first certifications in a routine manner, 1,157,812 accounts were established, and 244,143 accounts were established through contest, protest, tracer, intermittent-worker, etc., procedure. (For 12,374 claims only 8,599 accounts were established since some claimants had more than one claim processed simultaneously.) As benefits became exhausted or as claimants were reemployed or failed to report as required, 1,183,640 or more than 84 per cent of these accounts were closed. It is important to note that almost 57 per cent of accounts were closed because of exhaustion of benefits.

As of December 31, there were 218,315 accounts in the files of the Division, almost 16 per cent of the total number opened during the year. Of these, only 51,586 were active (i.e., checks were being currently prepared), whereas 122,295 accounts had last checks due them but were awaiting the recalculation of their benefit rights, and 44,434 accounts were in suspense for the purpose of correcting the ledgers or bringing them up to date. Recalculation is required under the provision of the Law which specifies that the duration of benefits depends on earnings reported by employers in the calendar year 1937 or in the first four of the immediately preceding five calendar quarters, whichever is the greater, within the flat maximum of sixteen weeks. A thorough inventory, audit, and rectification of closed and suspended accounts was undertaken towards the close of the year in order to improve the efficiency of benefit payments.

As was stated previously, some claims could not be processed in a routine manner during 1938. Most of these required that the local offices submit additional information to enable the central office to dispose of them. Also, many claimants disagreed with the decisions of the central office regarding their eligibility, their duration of benefits, or the rate of benefits. Administrative difficulties caused delay in the processing of claims and gave rise to various protests, complaints, requests for tracing, adjustment of claims, etc. To relieve the congestion caused by recurrent filing of claims by intermittent workers, a new procedure was instituted early in December 1938 requiring such workers also to prepare the special form used in connection with protests, contests, complaints, etc. The central office received 420,644 such special forms during the year. This number did not represent

individual claims, since in some cases more than one claim was represented by a form and in other cases a form returned to the local office for additional information was again counted upon its coming back from the local office. Of the 420,644 total number of these special forms, 357,483 or 85 per cent were adjusted, and the remainder still awaited disposal on December 31, 1938. More than 21 per cent of the claims adjusted by these forms had originally been determined ineligible, but investigation (sometimes requiring a payroll audit) disclosed that the claimants were in reality eligible. The percentage of such cases would be higher if forms returned to local offices for additional information were not considered adjusted (counted as invalid). Altogether 71 per cent of the claims adjusted required payment of some form or another.

Benefit payments began on January 29, 1938. The procedures of the Division have called for the establishment of accounts and the preparation of checks for all eligible persons who have filed notices of unemployment unless their claims are withdrawn prior to the termination of the waiting period. Theoretically, the preparation of checks for an account is discontinued if the claimant exhausts his benefit rights or if the central office is notified by the local office that the claimant has become employed or failed to report as required. During 1938, 10,640,287 benefit checks were prepared and delivered to the Department of Audit and Control. Under the normal routines, a large number of these checks represent paper transactions only, being cancelled when the Bureau of Insurance Control, through a listing of invalidated certification cards, advises the Department of Audit and Control that claimants have been reemployed or failed to report at the local offices as required. Accordingly, the Department of Audit and Control released 7,409,557 checks or 74 per cent of the total, having cancelled 2,660,366 or 26 per cent. On December 31, the Department of Audit and Control had 570,364 checks on hand awaiting disposition. Total benefits paid amounted to \$87,330,639, the average check having a value of \$11.79.

On January 1, 1938, the balance of funds on hand to the credit of the Unemployment Insurance Fund of the State was \$97,831,974. Between January 1 and December 31, 1938, net deposits of employers' contributions (after deductions for refunds and dishonored contribution checks) amounted to \$125,238,151. Interest credited to the Unemployment Trust Fund by the United States Treasury amounted to \$2,450,309. After deducting the net value of checks released to claimants, unemployment insurance funds available on December 31 amounted to \$138,189,795. It is evident that this balance would be substantially lower if payments on past-due claims were brought up to date.

b. QUARTERLY TRENDS

The initiation of benefit payments in New York State in January 1938 brought forth a flood of accumulated claims. Workers

who had previously become unemployed and who were still unemployed at the beginning of January hastened to register for employment and for unemployment benefits. The newness of the insurance system occasioned the filing of many claims which could not be satisfied under the provisions of the Unemployment Insurance Law. The importance of this factor is seen when the composition of the volume of claims received at the central office in the course of the first calendar quarter of 1938 is compared with that of the volume of claims received in subsequent calendar quarters.

Chart 21, page 168, shows the number of initial benefit claims filed in local offices in each month in 1938. Chart 22, page 170, depicts those received at the central office.

The process of settling unemployment insurance claims consists in a double sifting and examining operation. As claims come in, they are classified first into (1) original and (2) additional, then for each category into (1) eligible and (2) ineligible. Thereafter the claimants are notified of their rights and the machinery of benefit payments is set into motion. An original claim is the first initial claim filed in a given benefit year. An additional claim refers to second or subsequent spells of unemployment in any benefit year; it is, normally, the claim of a worker for whom a determination of the weekly unemployment benefit rate had previously been made.

TABLE 11. INITIAL CLAIMS RECEIVED AND EXAMINED
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE, JANUARY-DECEMBER 1938

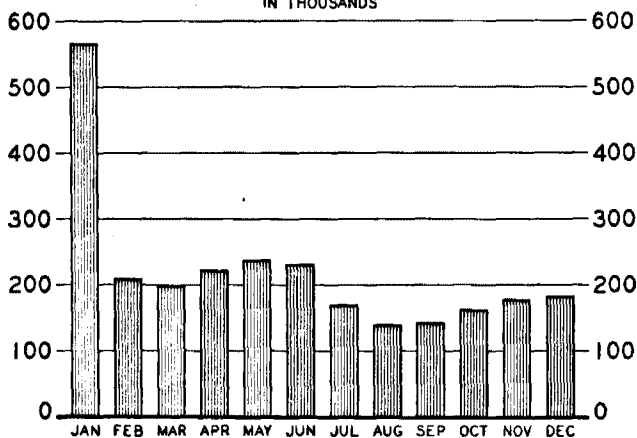
	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER	
Initial claims received — total	944,805	673,608	460,763	497,893	
Original	765,441	467,857	235,599	180,795	
Additional	127,498	189,723	231,780	309,941	
Removed prior to examination			998	1,707	
Pending, end of period	51,866	67,894	60,280	65,730	
Ratio of claims examined and removed to claims received		94.5	97.6	101.7	98.9

Claims pending at end of each period as shown in Table 11 are those not yet classified into "original" and "additional." Some of these claims may have been just received; others are being processed; still others have been found defective and are awaiting further communication with the claimant. This last mentioned item is of substantial importance. On March 31, 12,812 claims were held in local offices for this purpose; on June 30, the number was 14,210; on September 30, 15,246; and on December 31, 17,049.

The number of initial claims received declined from the first calendar quarter to the second by 29 per cent, and from the second to the third quarter by 32 per cent. From the third to the fourth quarter, however, there was an increase of 8 per cent. The ratio of original to additional claims shifted from

six to one to approximately five to two in the second quarter. In the third quarter they were equal, while in the fourth quarter for every three original claims there were five additional claims. It is expected that, as the benefit year 1938-1939 enters its final quarter, the ratio of original claims to additional ones will be even less. The shift was occasioned chiefly by the known nature of industrial unemployment which results, for the most part, not in long solid periods of inactivity, but in a string of comparatively short "spells." However, the numerical value of the shift in the ratio was affected also by the March 1938 amendment to

CHART 21
**INITIAL BENEFIT CLAIMS
 FILED AT LOCAL OFFICES, 1938**
 IN THOUSANDS



SOURCE-BUREAU OF RESEARCH AND STATISTICS

NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

the New York State Unemployment Insurance Law which provided a uniform benefit year and which caused many "additional" claims filed after March 10, 1938, to acquire, after April 1 (the date on which the amendment went into effect), the character of "original" claims. This change necessitated a reexamination of the additional claims filed prior to March 31, 1938. Eventually it was found that only 91,208 legally "additional" claims had been filed in the benefit period which ended on March 31. The remaining 36,290 claims were processed after April 1 as "original" claims.

If the statutory change is taken into account, the data of Table 11 above must be modified as follows:

	TOTAL 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Initial claims received					
— total	2,577,069	944,805	673,608	460,763	497,893
Original	1,685,982	801,731	467,857	235,599	180,795
Additional	822,652	91,208	189,723	231,780	309,941
Removed prior to examination	2,705			998	1,707
Pending, end of period	65,730	51,866	67,894	60,280	65,730
Ratio of claims examined and removed to claims received	97.4	94.5	97.6	101.7	98.9

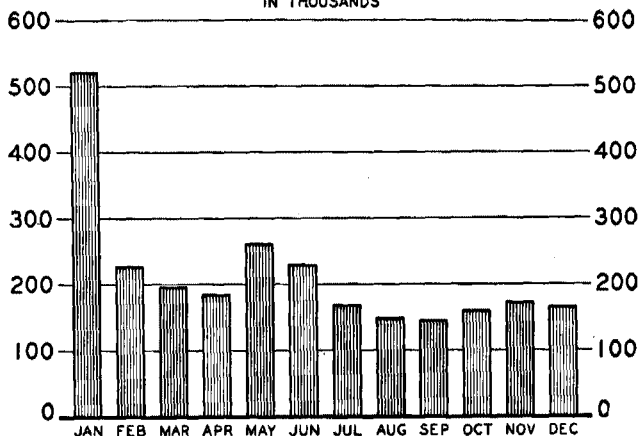
The change in the composition of original claims is shown in Table 12.

TABLE 12. ORIGINAL CLAIMS — BENEFIT RIGHTS DETERMINED
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE, JANUARY-DECEMBER 1938

	TOTAL 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Original claims received — total	1,685,962	801,731	467,857	235,599	180,795
Eligible	1,081,859	399,608	367,165	195,471	119,615
Ineligible	585,447	347,628	111,789	68,097	57,933
Pending, end of period	18,676	54,495	43,398	15,429	18,676
Ratio of claims determined to claims received	98.9	93.2	102.4	111.9	98.2

The "pending" item (Table 12) represents claims in process of determination. Of the 747,236 claims fully determined in the first calendar quarter, 53.5 per cent were allowed, 46.5 per cent disallowed. Of the 478,954 original claims determined in the second quarter, 76.7 per cent were found eligible and only 23.3 per cent ineligible. Of the 263,568 original claims determined in the third quarter, 74.2 per cent were found eligible while only 25.8 per cent were found ineligible. During the fourth quarter, only 177,548 original claims were determined. Of these, 67.4 per cent were eligible and 32.6 per cent ineligible. This shift in proportions was due to several causes. Persons who were not in covered employment in 1937 were more aware of the provisions of the Unemployment Insurance Law at the end of March than they had been at the beginning of January. Obviously ineligible claimants were dissuaded from filing by local office interviewers when the initial mail registration period was over. Some claimants who were not eligible in the first quarter of 1938 became eligible in the second quarter as the base year included the last calendar quarter of 1937. The records of the central office covering 1937 earnings of insured workers became more complete as delinquent employers sent in overdue quarterly payroll reports. The decline in the proportion of eligibles in the fourth quarter from that in the second and third quarters

CHART 22
INITIAL BENEFIT CLAIMS
RECEIVED AT CENTRAL OFFICE, 1938
IN THOUSANDS



SOURCE-BUREAU OF RESEARCH AND STATISTICS
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

can be attributed, at least in part, to the fact that students who had summer positions and did not return to school filed claims which were declared ineligible.

The benefit rights determination of the 822,652 additional claims is shown in Table 13.

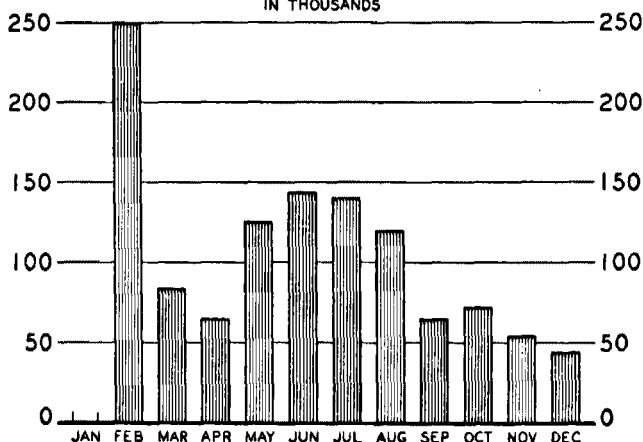
TABLE 13. ADDITIONAL CLAIMS — BENEFIT RIGHTS DETERMINED
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE

	JANUARY-DECEMBER 1938				
	TOTAL 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Additional claims received —					
total	822,652	91,208	189,723	231,780	309,941
Eligible	207,345	.	70,957	87,757	48,631
Ineligible	224,324		34,908	69,459	119,957
Removed for special procedure	79,660		79,660		
Pending, end of period	311,323	91,208	95,406	169,970	311,323
Ratio of claims determined to claims received	62.2		97.8	67.8	54.4

It would be premature to draw conclusions from the data contained in Table 13 owing to the fact that the "pending" item is almost two fifths (37.8 per cent) of all the claims received. But it is certain that many additional claims were filed through a misunderstanding of the nature of unemployment insurance. Of the 224,324 claims adjudged ineligible, 18,459 were filed by workers who had exhausted all their benefit rights in connection with their

original claim; 51,871 were filed by workers whose original application was being acted upon (though not currently compensated) and who hoped that the filing of an additional claim would expedite the payment of benefits. By far the largest number, 72,296 or 32.2

CHART 23
**INITIAL BENEFIT CLAIMS
 CERTIFIED FOR PAYMENT, 1938**
 IN THOUSANDS



SOURCE-BUREAU OF RESEARCH AND STATISTICS
 NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

per cent of the claims considered ineligible, were merely withdrawn because the claimant had his claim decided by means of an ES-460 form (a claim adjustment report) designed to expedite complaints, protests, contests, etc. The next largest group, 65,804 or 29.3 per cent, consisted of claims withdrawn because the time between these filings and later filings by the same claimants was less than one week apart. A detailed analysis of the reasons for disallowance of these claims is instructive. Under the pay-order system, none of the claims analyzed in Table 14 would have reached the central office.

TABLE 14. ADDITIONAL CLAIMS DISALLOWED, REMOVED, AND WITHDRAWN—BY REASON
 CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
 APRIL-DECEMBER 1938

	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Additional claims declared ineligible—			
total	34,908	69,459	119,957
Not in covered employment		9,108	137
Insufficient wage credits		6,063	65
Benefits exhausted	6,120	12,339	
Duplicates	28,326	23,544	1
Removed, previously processed by special procedure, and voided	462	7,620	64,735
Withdrawn prior to determination		10,785	55,019

An eligible claim, whether original or additional, gives rise to the establishment of a benefit account at the expiration of the waiting period, unless the claimant notifies the Employment Service of a withdrawal or fails to report when requested to do so. The opening of an account is signaled by the preparation of the "first check" which is delivered to the Department of Audit and Control, signed, and mailed to the claimant upon receipt of a certification of continued unemployment. The differences in the withdrawal rate of original as contrasted with additional claims are shown separately in Tables 15 and 16.

TABLE 15. ELIGIBLE ORIGINAL CLAIMS DISPOSED OF AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
JANUARY-DECEMBER 1938

	TOTAL 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Eligible original claims—					
total	1,081,859	399,608	367,165	195,471	119,615
"Stopped" by local offices	102,343	38,166	38,357	20,946	4,874
First checks prepared (certified for payment)	958,338	332,359	302,591	209,852	113,536
Removed for special procedure	1,105		1,016	84	5
Pending, end of period	20,073	29,083	54,284	18,873	20,073
Ratio of claims disposed of to eligible claims	98.1	92.7	93.1	118.1	99.0

The "pending" item of Table 15 consists chiefly of claims not yet due awaiting the completion of the statutory three-week period, of claims currently in process of payment, and of some claims the payment of which was delayed due to various complications such as incomplete execution of the original application form and the various difficulties described in Part A, Section 2, of this Report.

Table 15 suggests that of the 370,525 eligible original claims handled in the first calendar quarter of 1938, more than 10 per cent were withdrawn prior to the completion of the three-week waiting period. More than 11 per cent of the claims handled in the second quarter were withdrawn before any payment was made, more than 9 per cent were withdrawn before payment of the claims handled in the third quarter, and more than 4 per cent of the 118,415 claims handled in the fourth quarter were withdrawn before payment. Of the total 1,061,786 claims disposed of during the year, almost 10 per cent were withdrawn in the course of the waiting period.

Table 16 shows that of the 31,490 eligible additional claims settled in the second calendar quarter, slightly more than 2 per cent were withdrawn prior to the expiration of the waiting period. This may be explained by the fact that the average waiting period for additional claims is shorter than three weeks. Some claimants, who had completed five weeks of waiting in connection with previous claims, are entitled to additional benefits for the week immediately following the day of the filing of an additional claim. If the claimant has obtained employment in a week subsequent to a waiting-period week, he indicates this fact on a certification form which is

TABLE 16. ELIGIBLE ADDITIONAL CLAIMS DISPOSED OF AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE JANUARY-DECEMBER 1938

	TOTAL 1938	JANUARY- MARCH (a)	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Eligible additional claims—					
total	207,345		70,957	87,757	48,631
"Stopped" by local offices	710		668	42	
First checks prepared (certified for payment)	190,875		30,822	115,549	44,504
Multiple checks prepared (certified for payment)	12,374				12,374
Removed for special procedure	3,386			1	3,385
Pending, end of period			39,467	11,632	
Ratio of claims disposed of to eligible claims	100.0		44.4	131.7	123.9
(a) Not currently processed.					

forwarded to the Department of Audit and Control for the purpose of cancelling the check which had previously been prepared. In the calendar quarters ending September 30 and December 31, practically no "eligible" additional claims were withdrawn because withdrawals were put into effect prior to the process of determination (as shown in Table 14) and because the Bureau of Insurance Control shifted the duty of preventing benefit payments to claimants who had withdrawn their claims in the course of their waiting period to the local offices of the Employment Service.

Chart 23, page 171, presents graphically initial benefit claims certified for payment each month during 1938.

That the records of the central office were far from complete was recognized as workers adjudged to be ineligible began to file protests. An emergency procedure was speedily established to remedy this situation. This procedure applied only to original claims filed before March 10, 1938. A total of 62,031 requests for reconsideration (of which 20,220 were received in the first quarter and 41,811 in the second), documented by evidence of earnings in insured employment in the first three calendar quarters of 1937, was received at the central office in Albany; however, 1,534 of these requests referred to claims filed after March 10 and hence were settled in regular routine fashion on the basis of the new four-quarter base year (item "invalid" in Table 17). Of the remainder, 48,940 were allowed (5,020 during the January-March period and 43,920 during the April-June quarter) and 11,557 were disallowed (4,563 during the first quarter and 6,994 during the second). In addition to the protests settled by the above-mentioned special procedure, 27,894 contested claims were reinstated through normal contest and protest procedure in the period ending December 31, 1938. Thus for the twelve months of 1938 as a whole, a total of 76,834 or 13 per cent of the 585,447 claims originally disallowed were later allowed.

An emergency procedure was also invoked to deal with the additional claims filed before March 10, 1938. It was difficult for the central office to determine the rights of these 91,208 claims because

there was no record of the waiting period served by each claimant in connection with his original claim and because the record itemizing previous benefit payments was incorrect and incomplete. Only 11,548 additional claims were authorized for payment by the central office in a routine manner; the balance, 79,660, was settled in cooperation with local offices after interviews with claimants. In the early part of the second quarter, 28,342 reports covering these cases were received at the central office, a special report form known as ES-450 having been created for this purpose. The local offices authorized first payments in 11,338 such cases, representing many more additional claims, since one form might represent several additional claims for one claimant. In addition, 3,677 reports for such cases were disposed of by various adjustments also requiring payment.

In the meantime, the delay in the processing of initial claims, as well as the stoppage of benefit payments for many claimants who signed the incorrect side of the certification form, gave rise to various complaints by claimants at the local offices. It became increasingly evident that a permanent procedure was necessary. Since Form ES-450 was found to be defective, and rather than have a form for each different type of complaint, it was decided to design one multi-purpose form, the ES-460, to inform the central office of all complaints, protests, contests, etc. Of the remaining 13,327 Forms ES-450 (counted as invalid in Table 17 below) on hand at the central office, those which were not processed as invalid were returned to the local offices to be superseded by the newly devised Form ES-460 or "claim adjustment report."

Table 17 presents a summary of the number of claim adjustment reports received by the Bureau of Insurance Control as tracers, protests, complaints, etc. It should be emphasized that these figures represent number of reports and not number of individuals filing these reports. It is also true that these figures do not represent the exact number of complaints, contests, tracers, protests, etc. For example, by far the greater number of the reports adjudged invalid were returned to local offices as incomplete and incorrect

TABLE 17. TRACERS, COMPLAINTS, PROTESTS, CONTESTS, AND INTERMITTENT WORKERS' CLAIMS PROCESSED
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

JANUARY 1-DECEMBER 31, 1938

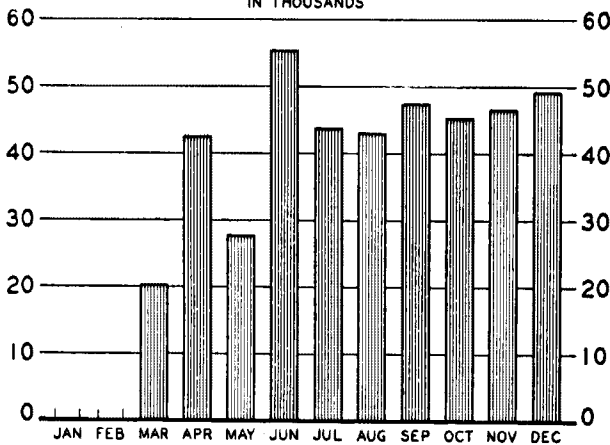
(Figures represent reports, not individuals)

	TOTAL 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Tracers, complaints, etc., received — total	420,644	20,220	125,363	134,086	140,975
Adjusted by payment	254,687	5,020	60,395	101,359	87,913
Adjusted without payment	38,906	4,563	8,353	13,805	12,185
Invalid	63,890		17,019	21,065	25,806
On hand, end of period	63,161	10,637	50,233	48,090	63,161
Ratio of tracers, etc., disposed of to total received	85.0	47.4	68.4	101.6	89.3

and, upon being corrected and returned by local offices, were counted in receipts again although these forms did not represent new complaints, etc.

An analysis of Table 17 shows that in the first quarter of 1938 fewer tracer and complaint forms were received than in any other quarter. This follows from the facts that benefit-payment procedure began to operate in January; that at the beginning the local

CHART 24
TRACERS, COMPLAINTS, CONTESTS, ETC.
RECEIVED AT CENTRAL OFFICE, 1938
IN THOUSANDS



SOURCE-BUREAU OF RESEARCH AND STATISTICS
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

offices, having no function in this procedure other than that of forwarding the initial claim and applying a stop to it, had no such forms to forward to the central office; and finally that no complaints, protests, etc., were anticipated and therefore no provision for such forms was made.

As the year wore on, however, the receipt of such reports increased steadily. In the second quarter, 125,363 such reports were received. Included in this number were 41,811 forms designed specifically to deal with emergency-procedure contests mentioned above and the 8,342 Forms ES-450 also mentioned above. The remaining 55,210 consisted of claim adjustment reports received during the period May 25 to June 30. That such a large number should have been received during so short a period of time, when the average number of initial claims not disposed of at the Bureau of Insurance Control was less than the average during any other quarter, is indicative of a flood of accumulated tracers, complaints, etc. It is also partly explained by the fact that the local offices at that time had no records on benefit rights of claimants and so could do nothing but file a complaint form if the claimant so requested. That the central office was taken unawares is reflected in the fact that as of June

30, 50,233 of the 55,210 claim adjustment reports received since May 25 were still unprocessed.

During the third quarter, 134,086 claim adjustment reports were received. This represents a decrease of about 700 in the average number received per week in the previous period. This decrease was brought about partly by the revision of operating procedure whereby local offices receive the statements of claimants' benefit rights as well as the adoption of the procedure whereby a claimant brings his certification card (Form ES-406) to a local office and signs it under the guidance of one of its representatives. That there was an absolute increase in the receipt of these reports is due primarily to the administrative difficulty in the processing of additional claims. This is reflected in Tables 13 and 16, which reveal that on June 30 there were 134,873 additional claims on hand whereas on September 30 there were 181,602. To facilitate the processing of the claim adjustment report, a procedure was adopted whereby, on evidence that a claimant is entitled to benefits, the local office manager or his deputy certifies to that fact, practically making the form an order to pay. Of the 136,229 claim adjustment reports disposed of during July to September, 74.4 per cent required payment.

During the October-December period, 140,975 claim adjustment reports were received. Of this number, 4,303 were not complaints but covered claims of intermittent workers, in accordance with a procedure instituted in December to facilitate the processing of claims for these workers as well as to prevent their claims from hindering the processing of non-intermittent workers claims. It is indeed surprising that only 136,672 claim adjustment reports were received as complaints, etc., during this period when the figure of additional claims on hand as obtained from Tables 13 and 16 rose from 181,602 on September 30 to 311,323 on December 31.

Some indication of the cessation of benefit payments, prior to the expiration of benefits through the exhaustion of benefit rights, may be gleaned from the data presented in Table 18.

TABLE 18. BENEFIT CHECKS DISPOSED OF AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE JANUARY-DECEMBER 1938

	TOTAL 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER ¹
Benefit checks delivered to Department of Audit and Control—total	10,640,287	1,484,533	3,450,486	3,558,492	2,146,777
Released to claimants	7,409,557	1,205,615	2,803,219	2,219,418	1,181,305
Cancelled	2,660,366	139,460	363,263	966,422	1,191,221
Pending, end of period ¹	570,364	139,458	423,462	796,114	570,364

¹ Checks held against the receipt of certifications of continued unemployment duly signed by claimants.

It is noteworthy that of the 1,345,075 checks fully dealt with by the Department of Audit and Control in the first calendar quarter of 1938, more than 10 per cent were cancelled because the claimant reported employment in the week for which the check was drawn. Of the 3,166,482 checks disposed of in the second calendar quarter more than 11 per cent were cancelled, in the third calendar quarter

more than 30 per cent were cancelled, and in the fourth calendar quarter more checks were cancelled than were released to claimants—slightly more than 50 per cent of the 2,372,526 checks handled. The great proportionate increase in cancellations is due to the introduction of weekly reporting and certification in local offices after July 18, 1938. The increase in the proportion in the fourth quarter was caused also by the procedure instituted whereby any check at the Department of Audit and Control for a period exceeding one month is automatically cancelled. For the year as a whole of the total checks disposed of more than 26 per cent were cancelled.

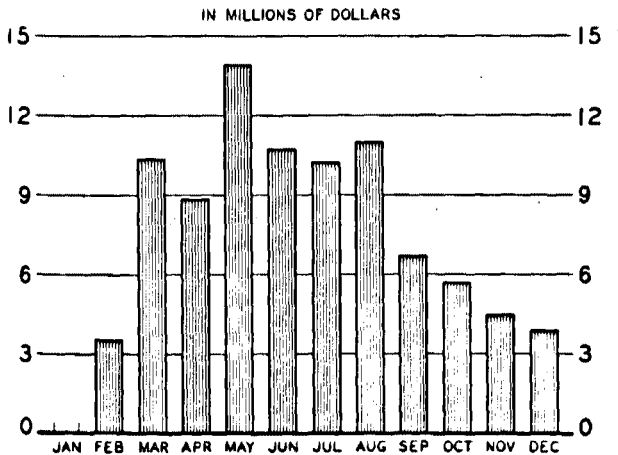
TABLE 19. BENEFIT PAYMENTS, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

JANUARY-DECEMBER 1938

	TOTAL 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Benefit payments authorized—total	\$127,152,357	\$17,091,153	\$40,757,905	\$42,940,215	\$26,363,085
Paid by Department of Audit and Control to claimants	87,330,639	13,852,487	32,984,773	26,518,278	13,975,101
Authorization cancelled	32,510,657	1,663,169	4,422,708	11,769,808	14,654,973
Pending, end of period	7,311,061	1,575,497	4,925,921	9,578,050	7,311,061

The total amount of benefits paid in the third calendar quarter of 1938 is more indicative of the possible magnitude of unemployment benefit disbursements in the future than the figure registered in the first, second, or fourth quarters. The first quarter contained only ten potentially compensable weeks, the second quarter was still ruled by a procedure which provided no check on the good faith of the claimant, and during the fourth quarter, it being

CHART 25
TOTAL BENEFITS PAID, 1938



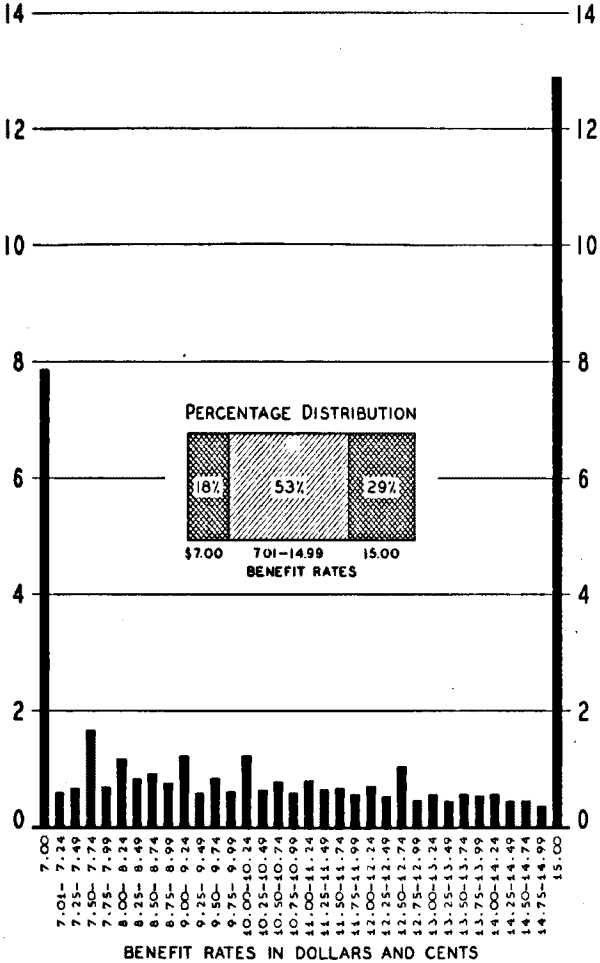
SOURCE—BUREAU OF RESEARCH AND STATISTICS
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

CHART 26

DISTRIBUTION OF BENEFIT RATES

BASED ON 43,925 ACCOUNTS RECALCULATED FOR LAG
QUARTER WAGES REPORTED FIRST QUARTER 1938

IN THOUSANDS



SOURCE-BUREAU OF RESEARCH AND STATISTICS

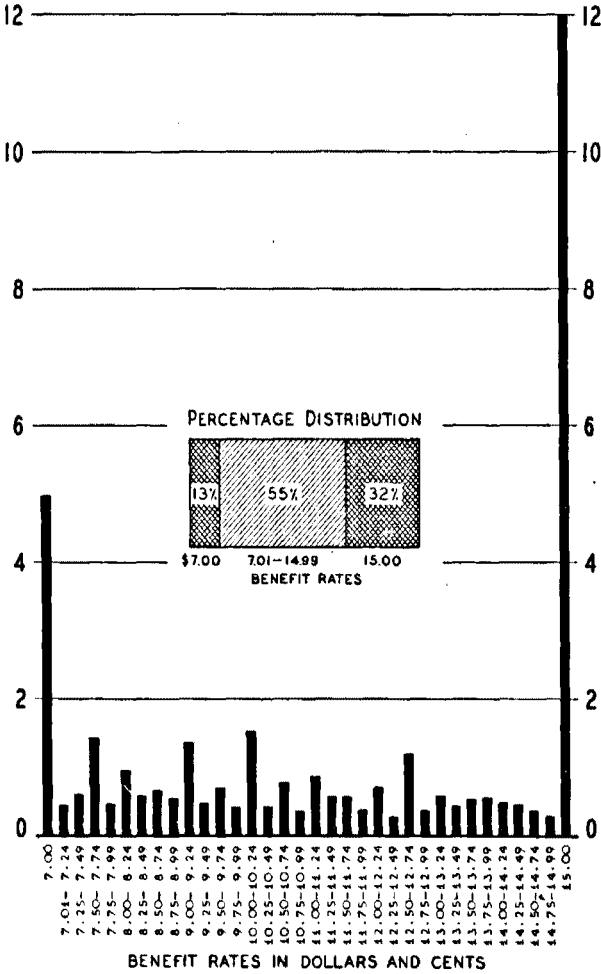
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

CHART 27

DISTRIBUTION OF BENEFIT RATES

BASED ON RANDOM SAMPLE OF 3,754 ACCOUNTS
ACTIVE JANUARY 1939

IN HUNDREDS



SOURCE-BUREAU OF RESEARCH AND STATISTICS

NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

impossible to process additional claims to any degree, they were allowed to accumulate. However, no definite estimate of the ultimate disbursements from the Unemployment Insurance Fund properly chargeable against 1938 can be based on the data of Table 19. It is probable that some payments were made in the second quarter which should have been made in the first quarter; on the other hand, some benefits due in the second quarter were not paid until after June 30. Similarly, many benefits due at the end of December were not paid until some time in 1939. Chart 25, page 177, presents the total benefits paid by month for the year 1938.

A comparison of the data in Tables 18 and 19 yields statistics on the average size of the benefit check.

TABLE 20. AVERAGE SIZE OF BENEFIT CHECK, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
JANUARY-DECEMBER 1938

	YEAR 1938	JANUARY- MARCH	APRIL- JUNE	JULY- SEPTEMBER	OCTOBER- DECEMBER
Average check authorized	\$11.95	\$11.51	\$11.81	\$12.18	\$12.10
Average check mailed to claimant	11.79	11.49	11.77	11.95	11.83
Average check cancelled	12.22	11.93	12.17	12.18	12.30
Average check pending	12.82	11.30	11.63	12.51	12.82

In view of the large number of checks handled, the differences between the averages shown in Table 20 are clearly significant. They suggest that the worker who received the higher statutory full-time weekly wage in 1937 was more apt to find employment before the expiration of his benefit period than the low-wage worker. Since weekly benefits are limited to \$15.00, it is reasonable to expect that workers who earned more than \$30.00 when employed would have a greater preference for jobs as compared with unemployment benefits than workers (especially part-time workers) whose earnings, when employed, may have been, in some weeks, only slightly higher than the legal minimum benefit rate of \$7.00. Table 20 appears to be in harmony with this expectation. However, other explanations are equally plausible. It is possible that the market for higher-paid labor was better, in the period under review, than the market for lower-paid labor. It may also be true that larger benefit checks were authorized in longer series than smaller benefit checks, i.e., that claimants who had higher weekly earnings had also rights to more benefit payments. They would thus experience more weeks in which to look around for a job than claimants receiving smaller benefit checks.

Data for the third and fourth quarters of 1938 are somewhat inflated by the issuance of "multiple checks," i.e., checks covering more than one week of compensable unemployment. Up to September 30, 3,455 multiple checks were prepared totaling \$160,528 or an average of \$46.46; 2,738 were released, totaling \$130,283; eight were cancelled, and 709, worth \$29,659, remained on hand. During the fourth quarter, 36,358 multiple checks were received by the Department of Audit and Control valued at \$1,784,844, an

average of \$49.09; 19,101 were released, totaling \$837,092; 1,605 were cancelled and on December 31, 16,361 remained on hand.

The statistics on average size of benefit check do not, however, reveal the relative importance of large and small checks. Some light is thrown on this question by benefit-rate figures. Analyses of two different samples of active accounts show a strikingly similar frequency distribution of weekly benefit rates. They suggest that over one half of the benefit recipients are receiving above the \$7.00 minimum and under the \$15.00 maximum; that fewer than one third are entitled to maximum checks of \$15.00; and about one sixth are entitled to minimum checks of \$7.00. (See Charts 26 and 27, pages 178 and 179.)

C. COMPARISON OF TWO BENEFIT-YEAR ACTIVITIES, 1938

Due to a change in the Unemployment Insurance Law, effective April 1, 1938, there were two benefit years during the calendar year of 1938. The first benefit year began January 1 and ended April 6, 1938. The second benefit year began March 10, 1938 and ends April 6, 1939. The overlapping of time is due to the waiting-period provisions of the Law. Claims filed on or prior to March 9 are considered as within the previous benefit year, and those filed on or after March 10 are counted within the following benefit year. Table 21 presents the claims received and examined for each benefit year during 1938.

TABLE 21. BENEFIT CLAIMS RECEIVED AND EXAMINED AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE BY BENEFIT YEAR, JANUARY 1-DECEMBER 31, 1938

	CALENDAR YEAR 1938	BENEFIT YEAR	
		January 1- April 6, 1938	March 10- December 31, 1938
New benefit claims ¹ received at central office	2,577,069	855,327	1,721,742
Returned to local offices for additional information	99,864	71,064	28,780
New benefit claims remaining to be examined	2,477,205	784,243	1,692,962
Amended benefit claims ² received at central office	82,815	58,658	24,157
Total benefit claims to be examined	2,560,020	842,901	1,717,119

¹ New claims are all types of claims received at the central office for the first time as opposed to claims which have been returned to local offices for further information.

² Amended claims are claims which were returned to local offices for further information.

During the ten-week period January 1 to March 9, 855,327 new claims were received at the central office. This represents 33 per cent of the total number filed during the calendar year 1938. A flood of accumulated claims was brought forth by the initiation of benefit payments in January 1938. The large number of claims filed in the early part of 1938 is attributable partly to the procedure in operation during January and February, requiring claimants to mail their claim form ES-333 to the local office instead of bringing it there in person. This procedure gave rise unfortunately to incor-

rect and incomplete information on the form. Of 99,864 claims returned to local offices by the central office because they were incomplete and incorrect, 71,084 or 71 per cent were claims filed in the first benefit year (see Table 21). This represents more than 8 per cent of the number of new claims received during those ten weeks. During the second benefit year, when claimants were required to report in person to the local offices in order to file a claim (except out-of-state residents living at a distance of more than twenty-five miles from a local office of this State), only 28,780 or less than 2 per cent of the number of new claims received had to be returned because they were incomplete and incorrect.

In addition to the mailing procedure described above, local office employees were not instructed in the beginning to refuse claims from persons obviously not entitled to benefits. Such instructions were first issued on March 3, 1938. Of the 71,084 claims returned to the local offices, only 58,658 came back to the central office; undoubtedly the remaining 12,426 were for persons obviously not benefit claimants and therefore were never returned to the central office.

Excluding the claims invalidated and outstanding at the local offices, 842,901 claims were to be examined for the first benefit year and 1,717,119 for the second benefit year. Table 22 below shows the composition of the examined claims.

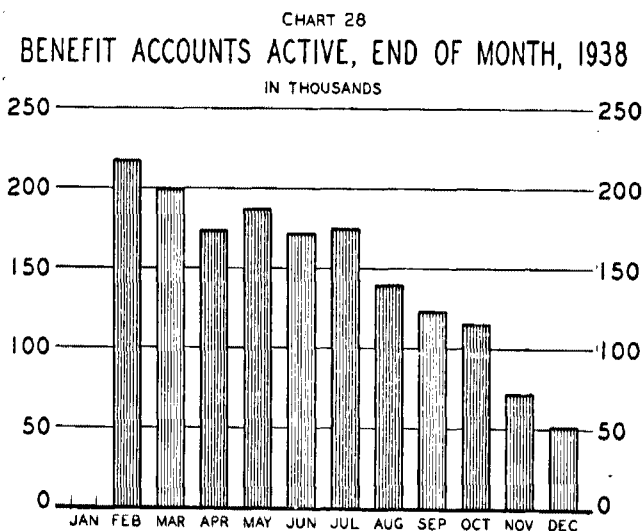
TABLE 22. BENEFIT CLAIMS EXAMINED AT CENTRAL OFFICE, NEW YORK STATE
DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
BY BENEFIT YEAR, JANUARY 1-DECEMBER 31, 1938

	CALENDAR YEAR 1938	BENEFIT YEAR	
		January 1- April 6, 1938	March 10- December 31, 1938
Benefit claims to be examined — total	2,560,020	842,901	1,717,119
Original claims	1,685,982	751,172	934,810
Additional claims	822,652	91,729	730,923
Removed for special procedure	2,705		2,705
Pending, end of period	48,681		48,681

Of the 1,685,982 original claims examined during the calendar year, almost 45 per cent were filed in the first benefit year, whereas of the 822,652 additional claims examined slightly more than 11 per cent applied to the first benefit year. The figures on original claims reveal how many individuals applied in each benefit year. It is inadvisable, however, to draw conclusions as to the normal load of original claims filed because of the extraordinary conditions operating during these periods, such as the initiation of benefit payments and the changes in the Law. Likewise it is inadvisable to consider these data as reflecting stability of employment for some workers or instability and short-term employment for others.

The figures reveal, however, that as the benefit year proceeded the ratio of original claims to additional claims became smaller. During the ten weeks of the first benefit year, only one out of every nine claims was an additional claim, whereas, during the forty-two

weeks of the second benefit year, three out of every seven claims for which information was available were additional. For the second benefit year, almost 3 per cent of the claims had not been examined as of December 31. In view of the fact that the average intake per week during the second benefit year was 40,884 claims, it may be said that the Bureau of Insurance Control was examining claims at about the same rate as it was receiving them. Chart 28, below, shows the number of benefit accounts which were active at the end of each month during the year 1938.



SOURCE—BUREAU OF RESEARCH AND STATISTICS
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

The examination of a claim, however, is only the first step in the processing of a claim under the stop-order system of benefit payment. The next step, the most difficult one, is the determination of a claimant's benefit rights. Since it is relatively simple to ascertain a claimant's benefit rights on his original claim, data is presented separately for original and for additional claims. Table 23 shows the determination of benefit rights for original claims and Table 25 shows similar data for additional claims.

Table 23 reflects the effects of the procedure of mailing claims to the offices, the better understanding of unemployment insurance by employers and claimants with the progress of time, and the effects of the amendment to the Law, effective April 1, 1938. This is revealed by an analysis of the difference between the distribution of claimants' benefit rights during the first and second benefit years. During the first benefit year, almost 54 per cent of the claimants for whom benefit-right determinations were made were adjudged to be eligible. In the second benefit year, this ratio rose to 74 per cent. The increase was due partly to the change in the Law which allowed benefit payments to claimants earning in excess of \$3,000 during

any calendar year after December 31, 1937 if they were eligible in other respects. Figures for the first benefit year, however, show that claimants earning such an amount were few in number. The explanation for the change in proportion seems to lie elsewhere. First, by changing the benefit year, the basis of calculating "eighteen times the benefit rate" (as provided in the Law) changed from the first three quarters to the four quarters of 1937. Secondly as the second benefit year proceeded, the rolling base year (first four of the last five completed calendar quarters) was used to establish a claimant's eligibility. The effect is shown in the proportional change in the cases of claimants determined ineligible because of insufficient earnings. These proportions declined from 15 per cent in the first benefit year to 8 per cent in the second. Table 24 shows the number of redeterminations made during 1938 and the effect of this provision of the Law.

TABLE 23. BENEFIT RIGHTS DETERMINED ON ORIGINAL CLAIMS, CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE BY BENEFIT YEAR, JANUARY 1-DECEMBER 31, 1938

BENEFIT RIGHTS	CALENDAR YEAR 1938	BENEFIT YEAR				
		Number	January 1-April 6, 1938		March 10-December 31, 1938	
			Per cent of total determined	Number	Per cent of total determined	
Original claims to be determined — total	1,685,982	751,172		934,810		
Eligible	1,081,859	401,777	53.5	680,082	74.2	
Ineligible	575,489	341,946	45.5	233,543	25.4	
Insufficient earnings	183,633	109,535	14.6	74,098	8.1	
No covered employment	391,856	232,411	30.9	159,445	17.4	
No wage records	386,379	227,753	30.3	158,626	17.3	
Wage records in excess of \$3,000	5,477	4,658	0.6	819	0.1	
Voided	9,958	7,449	1.0	2,509	0.3	
Obviously not covered	1,687	1,687	0.2			
Withdrawn prior to determination	7,928	5,762	0.8	2,166	0.3	
Duplicates	343			343	(a)	
Pending, end of period	18,676			18,676		

(a) Less than one half of 1 per cent.

Of the 22,375 claimants who were to have redeterminations made because on a fixed base year they did not work in covered employment whereas on a rolling base year they did, 7,251 or 32 per cent were not eligible because they had insufficient earnings (see Table 24). Unfortunately it is not possible to ascertain how many of these claimants were eligible because of imperfections of central office records. Of the 29,628 claimants for whom redeterminations were made concerning earnings, 20,629 or 70 per cent had insufficient earnings on a rolling as well as on a fixed base year. Only 8,999 or 30 per cent of the claimants who had insufficient earnings:

in a fixed base year had sufficient earnings on a rolling base year. These figures in combination with those shown in Table 23 indicate that only a small percentage of the claimants, who are either unemployed or in employment not covered by the Law during the fixed base year, are affected by this provision of the Law. A similar conclusion may be drawn concerning claimants who have insufficient earnings during the fixed base year. Seven out of ten will have insufficient earnings also on a rolling year base.

TABLE 24. BENEFIT RIGHTS REDETERMINED
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE — 1938

BENEFIT RIGHTS STATUS DECEMBER 31, 1938	NUMBER OF CLAIMANTS
Did not work in covered employment on a fixed base year but worked in covered employment on a rolling base year	22,375
Ineligible due to insufficient earnings	7,251
Eligible and on hand	15,124
Earnings insufficient on fixed base year	34,102
Ineligible on rolling base year	20,629
Eligible on rolling base year	8,999
In process	4,474

Additional factors must be taken into consideration to understand the change in the proportions shown in Table 23, by an analysis of the change in proportion of ineligible claimants for whom no wage records could be found and an analysis of contests brought by claimants declared ineligible who were in reality eligible. By other than routine procedure (in most cases requiring affidavits certifying as to covered employment and sufficient earnings), 49,894 or almost 15 per cent of claims originally declared ineligible in the first benefit year were subsequently found eligible. The actual proportions of eligible and ineligible claims for the first benefit year would be revised, therefore, to read 60 per cent and 39 per cent, respectively, instead of 53.5 and 45.5 per cent. It is true that some errors in determination were made also during the second benefit year. Of the 233,543 ineligible claims, 26,940 or almost 12 per cent were declared so incorrectly. The corrected proportions of eligibility and ineligibility during the second benefit year would read 7.2 per cent and 22.6 per cent, instead of 74.2 and 25.5 per cent. Making these corrections into account, the dispersion between eligible claims and between ineligible claims in each of the benefit years is narrowed considerably. The unexplained divergence in these proportions is attributable mainly to factors such as unfamiliarity of claimants and employers with the Law and the mailing of claims to the local offices. It is premature to draw definite conclusions based on two benefit years affected by the unusual conditions described above. It seems probable, however, that the distribution of benefit rights for claimants in the remainder of the 1938-1939 benefit year will be somewhat similar to that shown for the first nine months.

Of the claims determined during 1938, 751,172 or 45 per cent were for the first benefit year and 916,134 or 55 per cent were for

the second benefit year. More than 37 per cent of the claims adjudged eligible in a routine procedure were for the first benefit year and 63 per cent were for the second benefit year. Claimants ineligible due to insufficient earnings numbered 183,633 during the year, almost 60 per cent referring to claimants who filed in the first benefit year and 40 per cent to those filing in the second benefit year. Of the claimants declared originally ineligible because of no covered employment, 59 per cent filed in the first benefit year and 41 per cent in the second. Further effects of the mailing of benefit claims are shown by the number of claims voided during each of the benefit years in 1938. Of 9,958 original claims voided, 75 per cent referred to claims filed prior to March 10, 1938 and 25 per cent to claims filed in the remainder of 1938.

The determination of benefit rights in the case of original claims, as stated previously, was relatively simple. To determine benefit rights for the second and subsequent claims during a benefit year under the existing stop-order system involved almost insurmountable difficulties and long delays, it being necessary to know the waiting time to be accredited due to previous claims and the value of the benefits the claimant had received.

Of the 91,729 additional claims received during the ten weeks January 1—March 9, 1938, 79,660 or 87 per cent could not be processed in the routine manner and were removed to be processed by a special procedure. This procedure required the local offices to interview the claimants and to submit a form (ES-450) showing waiting period and benefit payments accredited for previous claims. As explained in the two previous parts of this Section little information as to the disposition of these claims is available. It is known that 11,338 of the Forms ES-450 were approved for payment. It is not known, however, how many additional requests were represented by these 11,338 forms. Of the remaining 12,069 additional claims in the first benefit year, 11,548 were determined eligible and 521 were forwarded to the inactive file.

On December 31, 1938, 43 per cent of the 730,923 additional claims for the second benefit year were awaiting determination. Of the remaining 419,600, 72,296 were removed to be processed by the special Form ES-460 procedure because the claimants had filed complaint, protest, and tracer forms. In addition, 51,871 claims were duplicates and 65,804 were superseded by claims filed less than one week later. Due to the large number of claims awaiting determination and the large number of claims removed for special processing, no conclusions can be drawn concerning determinations of additional claims. It is inadvisable to contrast the proportional distribution between the two benefit years in view of the different intervals of time comprising each. Of course, as the benefit year progresses, the ratio of original to additional claims becomes smaller.

Table 26 shows the disposal of eligible original claims and Table 27 presents similar data for additional claims.

On December 31, 20,073 or 3 per cent of the eligible original claims determined for the second benefit year were still awaiting disposition. Of this number, however, 6,155 were not yet due, i.e.,

TABLE 25. BENEFIT RIGHTS DETERMINED ON ADDITIONAL CLAIMS, CENTRAL OFFICE
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
By BENEFIT YEAR, JANUARY 1-DECEMBER 31, 1938

BENEFIT RIGHTS	BENEFIT YEAR				
	CALENDAR YEAR 1938	January 1-April 6, 1938		March 10-December 31, 1938	
		Number	Per cent of total deter- mined	Number	Per cent of total deter- mined
Additional claims to be determined — total	822,652	91,729		730,923	
Removed for special procedure pending, December 31, 1938	79,660	79,660			
	311,323 (a)			311,323 (a)	
Additional claims determined eligible	431,669	12,069	100.0	419,600	100.0
Ineligible	207,345	11,548	95.7	195,797	46.7
No covered employment	33,832			33,832	8.1
Insufficient earnings	9,245			9,245	2.2
Exhausted benefits	6,128			6,128	1.5
Voided and removed	18,459			18,459	4.4
Voided-duplicates	190,492	521	4.3	189,971	45.3
Voided — withdrawn prior to determination	51,871			51,871	12.4
Removed — superseded by a claim filed less than one week later	521	521	4.3		
Removed — processed through Form ES-460 procedure	65,804			65,804	15.7
	72,296			72,296	17.2

(a) Operations on additional claims were temporarily suspended at the beginning of December 1938.

the first compensable week had not yet elapsed. Table 26 reveals that for each of the benefit years proportionately the same disposition occurred—in the first benefit year 89 per cent of the claims had first checks prepared and in the second benefit year 91 per cent were disposed of in this manner. In the first benefit year, 11 per

TABLE 26. ELIGIBLE ORIGINAL CLAIMS DISPOSED OF AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
By BENEFIT YEAR, JANUARY 1-DECEMBER 31, 1938

	BENEFIT YEAR				
	CALENDAR YEAR 1938	January 1-April 6, 1938		March 10-December 31, 1938	
		Number	Per cent of total dis- posed of	Number	Per cent of total dis- posed of
Eligible original claims determined — total	1,081,859	401,777		680,082	
Eligible original claims disposed of — total	1,061,786	401,777	100.0	660,009	100.0
First checks prepared	958,338	357,429	89.0	600,909	91.0
Stopped by local offices	102,343	43,243	10.7	59,100	9.0
Removed for special procedure	1,105	1,105	0.3		
Pending, end of period	20,073			20,073	

cent of the eligible claims were stopped during the waiting period because the claimant obtained employment, refused suitable employment, or failed to report as required. In the second benefit year this ratio was 9 per cent. The 1,105 claims removed for special procedure were processed after April 20 and were removed to expedite the preparation of past-due checks. Approximately 1 per cent of the eligible claimants had their claims stopped prior to the preparation of a first certification.

Table 27 presents the disposition of eligible additional claims for each benefit year.

TABLE 27. ELIGIBLE ADDITIONAL CLAIMS DISPOSED OF AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE BY BENEFIT YEAR, JANUARY 1-DECEMBER 31, 1938

	CALENDAR YEAR 1938	January 1-April 6, 1938	BENEFIT YEAR	
			March 10-December 31, 1938	Per cen of total dis- posed of
Eligible additional claims disposed			Number	
of — total	207,345	11,548	195,797	100.0
First checks prepared	190,875	11,548	179,327	91.1
Removed for multiple checks	12,374		12,374	6.3
Stopped prior to payment	710		710	0.4
Removed for special procedure	3,386		3,386	1.7

Of the additional claims determined eligible during the first benefit year, all had first certifications prepared. Since the processing of additional claims had proved ineffectual in the first benefit year, the only claims which were considered as eligible were those for which first certifications were made. The remainder, as stated previously, were removed for special procedure; the disposition of them is unknown. Since the number of additional claims is dependent on the length of the benefit year and the processing of additional claims became ineffective, no conclusion can be drawn concerning the ratio of first certifications for each benefit year in 1938. As previously explained, the processing of additional claims in the second benefit year met with little more success than in the first benefit year. This is borne out by the fact that only 710 eligible claims were stopped prior to payment out of 195,797 eligible claims disposed of. While the waiting period for claimants filing additional claims is much less than three weeks on the average, this is partly explained by the fact that the central office relied upon the local offices to stop payment if the claimant was not entitled to benefits.

To speed the payments due on some additional claims and to save work, the "multiple-check" procedure was used. Under this procedure, one check is prepared for all the compensable weeks owed a claimant. In this manner amounts due on several additional claims filed by one claimant are paid simultaneously. During the second benefit year in the period to December 31, 12,374 additional claims were paid by multiple checks. Most of the 3,386

additional claims removed for special procedure during this period were removed for recalculation purposes.

Some determinations and the delay in the processing of claims gave rise to protests, contests, and complaints. Since it is not known how many of the claim adjustment reports (Forms ES-460) received apply to claims filed in the first benefit year and how many to claims filed in the second benefit year, no comparison of figures for 1938 based on benefit years can be made. It is known, however, that of the 62,031 reports filed (known as emergency procedure forms) contesting the determinations of the central office, 60,497 applied to the first benefit year and 1,534 applied to the second. The disposition of these forms is discussed on page 173. It is also known that 28,342 Forms ES-450 were filed in connection with first-benefit-year claims, many of which were returned to the local offices to be superseded by Form ES-460. From this point, no segregation can be made showing just how many protests, contests, complaints, etc., were received for claims filed in each benefit year.

It is not possible to state how many individuals had benefit payments prepared for them during the calendar year 1938, because of the fact that two benefit years are included in this period. Nor is it known how many individuals had benefit payments prepared for them during each benefit year because of the procedural difficulties experienced by the administration. Some estimate, however, can be made for each benefit year. Table 28 shows the number of accounts opened for each benefit year during 1938.

TABLE 28. BENEFIT ACCOUNTS OPENED AND CLOSED, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
BY BENEFIT YEAR, JANUARY 1-DECEMBER 31, 1938

BENEFIT ACCOUNTS	CALENDAR YEAR 1938	BENEFIT YEAR	
		January 1-April 6, 1938 Per cent of 1938	MARCH 10-December 31, 1938 Per cent of 1938
On hand, beginning of period		Number	Number
Opened	1,401,955	431,314	970,641
Closed	1,183,640	266,874	916,766
Exhausted benefits	669,164	121,441	547,723
Stopped and cancelled	514,476	145,433	369,043
On hand, end of period	218,315	164,440	218,315
		(a)	(a)

(a) Not appropriate.

It must be emphasized that the number of accounts is not synonymous with the number of individuals for whom accounts were opened. According to the stop-order system of benefit payments, an account is opened each time a first certification is made, whether for an original claim or for a second or subsequent claim. This factor, coupled with the number of accounts opened through adjustments, is the reason for lack of information as to the number of individuals who had accounts. In this connection it must be borne in mind that accounts closed during the second benefit year

are not confined to those of claimants who filed in the second benefit year. Of the 1,135,081 active accounts during the second benefit year, 164,440 or more than 14 per cent were carried over from the first benefit year. In addition, it is not known how many of the accounts opened through adjustment procedures attributed to the second benefit year were in reality opened for claimants who filed in the first benefit year.

Of the 266,874 accounts closed for claimants who filed in the first benefit year, 121,441 or 46 per cent exhausted their benefits, while 145,433 or 54 per cent were stopped because the claimant became reemployed, refused suitable employment, or failed to report as required. During the portion of the second benefit year ending December 31, 1938, 60 per cent of the accounts were closed because claimants exhausted their benefits and 40 per cent were stopped and cancelled. These different proportions are partly due to the fact that 164,440 accounts were carried over from the first to the second benefit year. Of course, the probability of exhaustion of benefits was far greater than of accounts being stopped and cancelled. Moreover, it is very likely that claimants who filed in the second benefit year were much more familiar with signing the correct side of the certification card (ES-406) and with the procedure requiring them to report to the local office.

The duration of compensable unemployment was extended for a relatively small number of claimants in the period after July 6, 1938 in accordance with the rolling base-year provision of the Law. The Law states that no beneficiary is entitled to receive in any benefit year benefits in excess of one sixth of his base-year earnings subject to a flat maximum of sixteen times his benefit rate. The normal base year is the calendar year; but if earnings in the calendar year appear insufficient to yield sixteen benefit payments and if unemployment is prolonged beyond the number of weeks allowable on the calendar year basis, earnings in the rolling base year, i.e., in the first four out of the last five completed calendar quarters, are also to be taken into account. This is done by comparing them with calendar base-year earnings. If rolling base-year earnings exceed fixed base-year earnings, potential duration is extended by a quotient of one sixth of this excess divided by the claimant's benefit rate.

TABLE 29. ACTIVE BENEFIT ACCOUNTS RECALCULATED
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE
JULY 6-DECEMBER 31, 1938

ACTIVE BENEFIT ACCOUNTS	NUMBER	PER CENT OF NUMBER RECALCULATED
Suspended for recalculation of potential benefit duration — total	311,414	
Recalculated	189,119	100.0
Duration extended	30,900	16.4
Duration not extended	158,219	83.6
Pending (in process of recalculation), end of period	122,295	

Table 29 suggests that approximately one sixth of the number of claimants whose benefit rights were recalculated with reference to rolling base-year earnings profited from this feature of the Law. The average extension of potential duration amounted to two weeks. The necessity of recalculation, however, delayed considerably the final payment due to each worker involved in this process.

For the first benefit year, it may be said that benefit payments were authorized in the case of 408,428 individuals. This number is obtained by totaling the first certifications on original claims (357,429), the original claims removed for special procedure (1,105), and the claims originally declared ineligible but after contest adjudged eligible (49,894). It is evident that the figure for the number of individuals does not include individuals who filed in the first benefit year, were declared ineligible, and (after contesting through an ES-460 form) were deemed eligible. These individuals, undoubtedly relatively few in number, are included with the number of individuals who had benefit payments prepared in the second benefit year. The number of individuals who had benefit accounts in the second benefit year was approximately 799,000. It is impossible to ascertain the exact number. This figure was obtained by adding the number of accounts carried over from the previous benefit year (164,440), the first certifications made on original claims (600,909), the number of claimants originally declared ineligible and later (after presenting their cases on an ES-460 form) adjudged eligible (26,940), "delayed" claims which were processed by means of the ES-460 form (3,752), and accounts which were opened for intermittent workers (3,576) since December 7, 1938. The sum of these figures was reduced by 617 to account for a slight upward bias caused by including "delayed" claims and claims of intermittent workers.

It appears from the above estimates that about 400,000 individuals received benefits in the period from January 29 (the date on which benefit payments began) to April 6, and that some 800,000 individuals received benefits in the period from April 7 to December 31. It is not known how far these two groups may have overlapped in addition to the known overlap of roughly 160,000 workers carried over from the first benefit year to the second. Therefore it is estimated that the Division of Placement and Unemployment Insurance paid benefits to between 800,000 and one million workers in 1938.

It should be stressed that even such rough estimates are subject to a wide range of possible error. Some individuals, not certified for payment in consequence of their original claim because they had withdrawn it in the course of their statutory waiting period, may have filed an additional claim later and been certified under that type of disposition. On the other hand, many individuals who received certification cards undoubtedly invalidated them for the same reason (that is, reemployment in the waiting period) and hence did not actually receive benefits. These two factors tend to offset each other.

The number of checks released to claimants and the value of these checks are presented in Table 30. The data by benefit year are partly estimated.

TABLE 30. NUMBER AND VALUE OF BENEFIT CHECKS DISPOSED OF
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE
BY BENEFIT YEAR, JANUARY 1--DECEMBER 31, 1938

BENEFIT CHECKS	CALENDAR YEAR		BENEFIT YEAR			
	1938		January 1-April 6, 1938		March 10-December 31, 1938	
	Number	Value	Number	Value	Number	Value
Forwarded to the Department of Audit and Control	10,640,287	\$127,152,357	2,380,935	\$27,952,795	8,259,352	\$99,199,562
Disposed of	10,069,923	119,841,296	2,380,935	27,952,795	7,688,988	91,888,501
Released to claimants	7,409,557	87,330,639	2,010,628	23,416,657	5,398,929	63,913,982
Cancelled	2,660,366	32,510,657	370,307	4,536,138	2,290,059	27,974,519
On hand, December 31, 1938	570,364	7,311,061			570,364	7,311,061

Table 30 clearly reflects the administrative difficulties under the stop-order system of benefit payments. In the first benefit year, 84 per cent of the checks were released; only 16 per cent of the checks were cancelled. In the second benefit year when the application of "stops" practically ceased and the preparation of checks continued, 30 per cent of the checks were cancelled.

Of the checks released to claimants in 1938, 27 per cent were for claimants who filed in the first benefit year. This exceptionally high number of benefit payments for a ten-week period is attributable partly to the flood of accumulated eligible claims filed during the first benefit year and partly to the large number of checks released in connection with the emergency procedure previously mentioned. The same proportions between benefit years obtained for value of checks released as for the number of checks. For the first benefit year, the average value of a released benefit check was \$11.65 and for the second benefit year \$11.83. This increase in value for average check in the second benefit year is accounted for partly by the number of multiple checks, i.e., checks for more than one compensable week (21,839 such checks with a value of \$967,374 having been released during this period).

d. CAUSES OF DELAYS IN BENEFIT PAYMENTS

Ever since the inception of benefit payments in New York State the system has been laboring under great procedural difficulties. The extent to which these affected the efficiency of payments may be gauged from Table 31.

In Table 31, the benefit account is regarded as opened on time (current) if the date of the first certification card is not more than six days after the due date of the first check, i.e., after the end of the first compensable week. It should be noted that the table portrays delays in the preparation of first checks only. Delays may also occur in the issuance of continued checks. Table

31 does not include, furthermore, adjustment checks falling within the various classes discussed below, with the exception of first checks signaling the opening of an account covering a claim which was originally disallowed.

TABLE 31. BENEFIT ACCOUNTS OPENED, CURRENT AND DELAYED
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
By MONTHS, 1938

MONTH	BENEFIT ACCOUNTS OPENED			Per cent of total opened
	Total	Current	Delayed Number	
1938 — total	(a) 1,274,400	556,603	717,797	56
February	252,597	129,447	123,150	49
March	82,512	59,102	23,410	28
April	105,872	14,118	91,754	87
May	148,164	75,185	72,979	49
June	149,982	72,141	77,841	52
July	164,755	72,123	92,632	56
August	116,725	48,574	68,151	58
September	72,441	23,012	49,429	68
October	78,595	32,317	46,278	59
November	57,520	18,556	38,964	68
December	45,237	12,028	33,209	73

(a) Exclusive of 127,555 accounts for which this information is not available.

It should be noted that Table 31 deals only with what was done and not with what was left undone. The apparently rising proportionate trend in delayed certifications, from 49 per cent in May to 73 per cent in December, may or may not be an unfavorable sign. It is certain that the relatively low figure of 28 per cent in March was not occasioned by efficiency but by the fact that contested claims and additional claims filed in the period prior to March 10, 1938 were not processed until April and May.

Most of the procedural difficulties delaying benefit payments originated in the benefit ledger maintenance function of the Bureau of Insurance Control. The root of the difficulty lay in the stop-order system of benefit payments discussed in the first part of this Report. When this system was modified by distributing the responsibility for benefit payments between the Bureau of Insurance Control and the New York State Employment Service, new difficulties arose out of the imperfect dovetailing of the functions of the two bureaus. These difficulties were being investigated, solutions were being proposed, and improvements in technique were being adopted daily. To some extent, the adaptability of the procedural structure to needed changes in methods, desirable in themselves, created other difficulties which in turn resulted in delays.

The interplay between the Bureau of Insurance Control and the local offices of the Employment Service may best be seen if attention is focused on the three stages in the settlement of claims: examination, determination of benefit rights, and actual payment.

Delays may and do occur in each one of these stages due to a variety of causes.

One cause of delayed payments, the filing and transmittal to the central office of defective or incomplete claim forms, was noticed early in the beginning of operations. In the period up to March 31, 944,805 initial claims were received at the central office, of which 68,789 were returned to local offices for additional information. This represents a little over 7 per cent. In subsequent months the situation changed as indicated in Table 32.

TABLE 32. DEFECTIVE INITIAL CLAIMS RECEIVED AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE JANUARY-DECEMBER 1938

MONTH	Total	INITIAL CLAIMS RECEIVED AT CENTRAL OFFICE	
		Returned to local offices for additional information	Per cent of total received
January, February, and March	944,805	68,789	7.3
April	184,391	3,286	1.8
May	261,007	4,415	1.7
June	228,210	4,698	2.1
July	103,587	3,119	1.9
August	148,049	3,038	2.1
September	144,127	2,217	1.5
October	159,836	2,634	1.6
November	172,902	3,788	2.2
December	165,155	3,880	2.3

Table 32 suggests that about 2 per cent of initial claims are found to be defective when received at the central office. A classification of these items, by type of defect, is available; but it is not needed to point out the cause of the necessary subsequent delay in the payment of benefits. The cause is for the most part insufficient checking of Form ES-333B in local offices.

Notices of unemployment, even if they are not defective, do not always reach the central office in Albany promptly subsequent to the date of filing at local offices. Data on this cause of delay of benefit payments are available for three months only, as shown in Table 33.

It should be noted that this table analyzes the receipt of new claims only. These do not include claims which had previously been received at the central office and found defective. It seems, moreover, that delays tend to become more serious as the benefit year unrolls.

Assuming that a claim form is in perfect shape when it reaches the central office, two entirely separate and distinct sources of delay may obstruct its progress; inability to arrive promptly at a disposition, and faulty disposition. Of these two sources the former has been of far greater importance than the latter since the beginning of operations.

It is true that the Benefit Payment Section of the Bureau of Insurance Control must at all times have a certain number of claims "on hand" in process of determination. Since a statement of benefit rights is to be prepared within two weeks of the original filing, the balance should not, on the average, exceed a two weeks' intake of initial claims. The volume of claims determined should,

TABLE 33. WEEKS ELAPSING BETWEEN FILING OF NEW CLAIMS AND RECEIPT AT CENTRAL OFFICE
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
SEPTEMBER, OCTOBER, AND NOVEMBER 1938

WEEKS BETWEEN DATES OF FILING AND RECEIPT AT CENTRAL OFFICE	NEW CLAIMS RECEIVED AT CENTRAL OFFICE SEPTEMBER-NOVEMBER 1938				
	Total	Per cent	September	October	November
Total	476,865	100.0	144,127	159,836	172,902
Less than 1 week	457,416	95.9	138,498	154,495	164,423
1 week but less than 2	13,119	2.8	3,585	3,558	5,976
2 weeks but less than 3	2,830	0.6	551	838	1,441
3 weeks but less than 4	1,454	0.3	437	320	697
4 weeks but less than 5	466	0.1	221	128	117
5 weeks but less than 14	1,300	0.3	750	374	176
14 weeks but less than 27	195	(a)	75	91	29
27 weeks but less than 44	85	(a)	10	32	43

(a) Less than one tenth of 1 per cent.

until the excessive backlog is reduced, surpass currently the inflow of new claims. The actual situation since the beginning of April 1938 is portrayed in Table 34. The assumption is made that one half of the monthly intake of claims should be deducted from "claims on hand, pending determination of benefit rights" in order to estimate the past-due backlog of claims on hand.

TABLE 34. DELAY IN DETERMINATION OF BENEFIT RIGHTS, CENTRAL OFFICE
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
APRIL-DECEMBER 1938

MONTH	CLAIMS ON HAND IN PROCESS OF DETERMINATION (END OF MONTH)	ONE HALF OF MONTHLY INTAKE OF INITIAL CLAIMS	ESTIMATED NUMBER OF CLAIMS ON HAND, PAST DUE (END OF MONTH)
April	139,625	92,196	47,429
May	240,517	130,504	110,013
June	192,458	114,105	78,383
July	188,188	84,294	103,894
August	209,440	74,025	135,415
September	230,433	72,064	158,369
October	262,432	79,918	182,514
November	331,314	86,451	244,863
December	378,650	82,578	296,102

Table 34 should be read in connection with Table 35 which compares the "input" of claims with the "output" of determinations.

The estimate of "claims on hand, past due" contained in the last column of Table 34 is clearly a minimum estimate. The assumption is that claims on hand at the beginning of any given month are processed before the new input of claims is worked upon.

Such an assumption is extremely unrealistic. Actually, new claims are processed currently; it is the backlog of claims which remains unremoved from the beginning of the month to its end, for the simple reason that it cannot be moved with the administrative tools which are available. This consideration is reinforced by data shown in Table 35. In only one month (June) was it possible to reduce the accumulated backlog of past-due claims; in one month

TABLE 35. CLAIMS RECEIVED AND DETERMINATIONS MADE AT CENTRAL OFFICE
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
APRIL-DECEMBER 1938

MONTH	CLAIMS RECEIVED	DETERMINATIONS	
		Number	Per cent of claims received
April	184,391	150,303	82
May	261,007	158,984	61
June	228,210	275,532	121
July	168,587	173,392	103
August	148,049	125,522	85
September	144,127	121,870	85
October	159,836	126,349	79
November	172,902	102,153	59
December	165,155	116,712	71

(July) the Benefit Payment Section managed to process a little more than the equivalent of current receipts; in the other seven months the Section was unable even to keep abreast of its intake.

Even by accepting this minimum estimate it still holds that delays originating in the process of determination are more far-reaching in their consequences than delays occasioned by faulty determinations. Table 36 compares the minimum estimate of past-due claims on hand with monthly receipts of complaints, contests, tracers, etc., and with the balance of such complaints and adjustment reports on hand as of the end of each month.

TABLE 36. CLAIMS DELAYED PRIOR AND SUBSEQUENT TO DETERMINATION, CENTRAL
OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE
APRIL-DECEMBER 1938

MONTH	ESTIMATED NUMBER OF CLAIMS ON HAND PRIOR TO DETERMINATION (past-due only)	COMPLAINTS, CONTESTS, TRACERS, ETC.	
		Received	On hand, end of month
April	47,429	42,423	12,726
May	110,013	27,730	
June	78,383	55,210	50,233
July	103,894	43,700	56,250
August	135,415	42,959	46,247
September	158,369	47,427	48,090
October	182,514	47,787	48,336
November	244,863	46,627	56,710
December	296,102	49,264	63,161

In studying Table 36 it must be remembered that most complaints are due not to the dissatisfaction of the beneficiaries with

the action taken by the central office but to the fact that the central office took no action at all (up to the date of the filing of the complaint). Of the 42,423 complaints received in April, 32,785 protested an action of the Benefit Payment Section, while 9,638 complained of delay; but of the 27,730 complaints received in May, 9,026 protested an action, while 18,704 complained of inaction. Data for June are lacking. The record since the beginning of July is contained in Table 37.

TABLE 37. COMPLAINTS, CONTESTS, TRACERS, ETC., CLEARED THROUGH THE RECEIVING AND EXAMINING UNIT OF THE CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE JULY-DECEMBER 1938

MONTH	Total complaints	TYPE OF COMPLAINT		Other
		Unsatisfactory action of Benefit Payment Section	No action by Benefit Payment Section	
July	16,823	6,907	9,269	647
August	43,087	12,221	28,238	2,628
September	46,484	9,398	30,020	7,066
October	44,763	10,469	26,500	7,794
November	47,767	9,689	29,890	8,188
December	49,470	8,756	35,095	4,619

The reasons for the inability of the Division of Placement and Unemployment Insurance under procedures thus far utilized to process certain kinds of claims promptly and efficiently merit only a brief reference at this juncture. In the early months of operation, the Division administered the payment of benefits on what is technically known as the "stop-order" system. Checks were prepared in advance of the receipt of what is, in other States, known as the "continued" claim. Thus on the ledger of the Bureau of Insurance Control, workers were debited in advance with payments to which they may or may not be entitled. Corrections in the form of credits were made later. The ledger, moreover, gave an accounting of compensable weeks only, waiting-period weeks not being recorded.

Prior to July 18, 1938, there was no check on the accuracy of central office records. Local employment offices were not expected to play an essential role in the unemployment insurance scheme but were merely accepting and investigating claims for benefits and complaints. Since July 18, 1938, local offices act as auditors and controllers of the benefit operations of the Bureau of Insurance Control. This is done mainly in connection with the transmittal of additional claims (in which case the local office supplies the Bureau of Insurance Control with the claimant's waiting-period record) and in connection with the transmittal of invalidated certification forms (in which case the local office supplies data necessary to correct the central office ledger).

The introduction of the various measures which established a mode of cooperation between the local offices and the central office resulted in notable improvements in the promptness and efficiency

of benefit payments. These improvements apply especially to the claims detailed below.

(1) The greatest single cause of delays lay in the inability of the Benefit Payment Section to dispose efficiently and correctly of additional claims. In the calendar quarter ended March 31, 1938, a total of 127,498 additional claims was examined. These had to be reexamined when the benefit-year provisions of the Law were changed; it was later found that until April 30, 1938, only 91,208 additional claims were dated prior to March 10, 1938 and had to be processed accordingly. A settlement was made in 11,548 cases; the remaining 79,660 claims could not be handled at all. These claims were tabled pending receipt of a tracer form known as ES-450, submitted only in consequence of a complaint made by the claimant at the local office. In the new benefit year the input and output of additional claims has varied as indicated in Table 38.

TABLE 38. ADDITIONAL CLAIMS EXAMINED AND DETERMINATIONS MADE
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE
MAY-DECEMBER 1938

MONTH	ADDITIONAL CLAIMS		
	Examined	Benefit rights determined	On hand, end of month
May	90,444	8,657	81,787
June	99,279	85,660	95,406
July	79,489	49,683	125,212
August	73,815	54,019	145,008
September	78,476	53,514	169,970
October	86,470	78,056	178,384
November	111,874	45,599	244,659
December	111,597	44,933	311,323

The reasons of the delays illustrated in Table 38 are to be found in the inadequacy of the benefit-record ledgers which can never be up to date under the stop-order system of benefit payments. Under this system the claimant is charged with what he may receive before he has indicated his willingness to receive it by establishing the fact of continued compensable unemployment. As a result, the books of the Benefit Payment Section are constantly being corrected as notices of cancellations come in. The process of correction, in itself a complicated one, has to compete with other tasks, such as current benefit payments, for the use of machinery involved.

(2) Skip-week workers, i.e., workers who are on an alternate-week schedule, present an additional claim problem. It is clear that the stop-order system cannot possibly do justice to a beneficiary who files every other week and is "stopped" every other week; and it is surprising that this fact was not taken into account prior to June 1938. Since that time, however, the pay-order device has been used in connection with these claims. Unfortunately, the pay orders affecting skip-week workers are handled

in conjunction with Form ES-460 which is counted as a complaint or tracer at the time it reaches the central office. The volume of skip-week claims for the period June to December is indicated below:

MONTH	PAY ORDERS FOR SKIP-WEEK WORKERS
June	..
July	97
August	1,789
September	785
October	1,675
November	2,200
December	3,867

(3) Ever since the inception of benefit payments the central office has been hampered by an influx of overdue notices of unemployment from local offices. The importance of this factor may be gauged with reference to information contained in Table 33 above. In August 1938, to combat the consequences of delays prior to receipt at the central office, it was decided to instruct the local offices to file a Form ES-460 with each delayed initial claim. This rule, however, applies only to claims which are payable by the time they reach the central office, i.e., claims transmitted after the end of the first compensable week. In the period from September 28 to December 31, 7,829 such claims were received at the central office.

(4) After the end of the second calendar quarter of 1938, the problem of recalculating benefit duration in cases where benefits based on earnings in the calendar year 1937 did not allow the issuance of sixteen checks, occupied the energies of the central office and generated delays in the payment of benefit. Altogether, 335,190 benefit accounts were suspended for recalculation in 1938. Work on these accounts was begun in August. The work consisted, first and foremost, in bringing the ledger up to date. This was the most difficult part of the task of redetermination; the actual recomputation of benefit rights on the basis of 1938 earnings did not occasion nearly so much trouble. Up to December 31, the operation of bringing the ledgers up to date disclosed that 23,776 benefit accounts should never have been recomputed at all, the beneficiary having found employment before his benefit account approached the point of exhaustion. The topic of recalculation is treated in this Report on pages 184-185 and 190-191.

(5) Until recent months it was true that one delay led to another. When an initial claim was authorized for payment, the first check was prepared and the addressograph plate turned over to the active plate file. When there was no delay in the initial payment, the plate joined the main file on the next pay day, and from then on the whole benefit account was automatically kept current. When, however, there was a delay in the authorization of the claim, the plate was put in a supplementary file. This file had to be turned over several times a week in order to catch up with overdue checks, an involved and difficult operation. Up to June 1938 no record was kept covering the daily transactions of

the Benefit Plate File Unit. When a daily report was instituted, it took several pages merely to list the number of delayed schedules on hand each day. The detailed daily listing has since been abandoned, and a highly efficient technique has been developed which results in a weekly clean-up of the supplementary file. This technique insures that no overdue account will stay in the supplementary file longer than one week.

The above-mentioned points indicate the major sources of delay in the payment of benefit checks. By investigating these and other points along the process line of the Benefit Payment Section, the causes of delayed action may be studied "from the top down." On the other hand, by investigating tracers, complaints, contests, protests, etc., the causes of delay may be studied "from the bottom up."

Complications Inherent in an Analysis of the Causes of Delay

It has been pointed out above that most complaints arise as a result of the inability to process additional claims on time. Other complaints arise out of contested determinations of benefit rights. Some Forms ES-460 should not be classified as complaints. This is true especially of forms dealing with skip-week workers and with claims delayed before reaching the central office.

The central office regards each Form ES-460 received from a local office as a pay order. It does not check on the statements which are certified by the manager of the local office; it conducts a search in its files only with respect to such statements made by the claimant which the local manager does not certify. The adjustment forms are classified by the central office into thirteen types, according to the kind of information which is needed to speed the complaint on towards final settlement. These thirteen types may be summed up in the following categories:

- A. Tracers
 - (a) Original claims and continued claims
 - (b) Additional claims
- B. Disputed claims
- C. Miscellaneous complaints
- D. Special procedure forms
 - (a) Skip-week workers
 - (b) Delayed claims (pre-central office)
- E. Rectification of error requests
 - (a) Local office error
 - (b) Central office error

Category A, tracers, has been discussed on pages 174-176 and 197-198.

Category B, disputed claims, covers protests against initial determinations of benefit rights. Category C sums up cases which do not fall into any other classification. Category D has been discussed previously.

Category E furnishes a yardstick of the accuracy of work performed and is the only category in which the "cause" of delay is

distinctly evident, for the most part being a clerical error. Local office errors reflected in Category E refer to the handling of "stops." The importance of these errors is best seen by comparing the number of stops imposed in error to the total number of stops issued. Table 39 compares the number of stops sent to the central office with the number of lift stops (requests to cancel a stop-payment order issued in error) received at the central office from August to December 1938.

TABLE 39. "STOPS" AND "LIFT STOPS" RECEIVED AT CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE AUGUST-DECEMBER 1938

MONTH	"STOPS"	"LIFT STOPS"	
		Number	Per cent of "stops"
August	113,660	380	0.3
September	150,687	2,490	1.7
October	121,324	4,045	3.3
November	101,462	3,124	3.0
December	138,734	2,876	2.1

The other type of error contained in Category E is one arising in the Benefit Claims Section of the central office. When a Form ES-460 comes into this Section, a certain adjustment is outlined on the face of it. Sometimes, due to a clerical error, the adjustment is not made as indicated. In such cases another Form ES-460 is prepared by the local office, pointing out the error and asking for a rectification.

TABLE 40. FORMS ES-460 PROCESSED AND READJUSTMENT REQUESTS RECEIVED CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE SEPTEMBER-DECEMBER 1938

MONTH	Processed	FORMS ES-460 READJUSTMENTS REQUESTED	
		Number	Per cent of number processed
September	45,584	461	1.0
October	47,541	268	0.6
November	38,253	196	0.5
December	42,813	140	0.3

The other categories, A, B, C, and D, are not so clear-cut as category E; that is, they do not point directly towards a possible cause of the delay. As a matter of fact, the cause cannot be assigned before the process of claim adjustment is completed. In an appreciable proportion of cases, the Form ES-460 was not complete when it reached the central office; in other cases investigation disclosed that the complaint was invalid, that is, that it should not have been accepted by the local office in the first place. These two points are illustrated in Table 41 on the next page.

Table 41 suggests that some portion of Forms ES-460 being invalid, there was no delay in the payment of benefits in the cases thus futilely protested; such cases contributed, however, to

TABLE 41. FORMS ES-460 RETURNED TO LOCAL OFFICES, BY REASON
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE
JUNE-DECEMBER 1938

MONTH	FORMS ES-460 Returned to local offices				
	Received at central office	Invalid Number	Per cent of number received	Incomplete Number received	Per cent of number received
	June	55,210	881	1.6	1,277
July	43,700	158	0.4	590	1.4
August	42,959	4,496	10.5	632	1.5
September	47,427	14,289	30.1	900	1.9
October	47,787	9,273	19.4	1,351	2.8
November	46,627	8,162	17.5	(a)	(a)
December	49,264	9,723	19.7	(a)	(a)

(a) Regarded as invalid by the Bureau of Insurance Control.

the slowing-up of the adjustment machinery. In other cases, whatever may have been the original cause of delay, the period of suspense was further prolonged by clerical errors occurring in local offices. These cases comprised about 2 per cent of the cases handled.

After sifting out the invalid and incomplete complaint and tracer forms, it still remained to determine whether any benefit payments were in order. In most cases they were; but in a significant fraction of cases no benefits were actually found to be payable, and the complaint was settled by means of a communication to the local office and to the claimant, giving the desired information or pointing out the misapprehension which occasioned the complaint.

TABLE 42. FORMS ES-460 DISPOSED OF BY CORRESPONDENCE
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE
JUNE-DECEMBER 1938

MONTH	TOTAL	DISPOSED OF BY CORRESPONDENCE	
		Number	Per cent of total
June	2,819	1,359	48
July	36,935	4,695	13
August	47,834	5,474	11
September	30,395	3,636	12
October	36,917	3,678	10
November	30,091	3,989	13
December	33,090	4,518	14

The complaints which definitely result in the writing of a check are classified, at that stage, by the Bureau of Research and Statistics. The Bureau is interested in a fourfold breakdown:

- (a) Claims originally disallowed, later allowed
- (b) Skip-week workers
- (c) Delayed initial claims
- (d) All other types

TABLE 43. FORMS ES-460 DISPOSED OF BY ISSUANCE OF CHECK
CENTRAL OFFICE, NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE
JUNE-DECEMBER 1938

MONTH	TOTAL	CLAIMS ORIGINALLY DIS-			
		ALLOWED, LATER ALLOWED	SKIP- WEEK WORKERS	DELAYED CLAIMS	OTHER TYPES
June	1,460	702			758
July	32,240	7,338	97		24,805
August	42,360	4,845	1,789		35,726
September	26,759	4,567	785	19	21,388
October	33,239	4,326	1,675	602	26,636
November	26,102	2,862	2,200	1,029	20,011
December	28,572	2,300	3,867	311	22,094

Table 43 shows that cases involving a faulty initial determination do not comprise the bulk of complaints. Most of the adjustments made by the Benefit Claims Section concern claimants whose rights were not in doubt but whose checks were not forthcoming when due. A tabulation made in July 1938 disclosed the further fact that out of the 24,805 cases classified in Table 43 as "other types," 12,318 claimants had been allowed benefits but had not received a single check up to the time of adjustment, while 12,487 claimants had received some but not all checks to which they were entitled.

In order to discover what was the proximate (though perhaps not the final) cause of delay affecting the claimants who were concededly entitled to benefits but who did not receive a single payment, a sample of 350 processed Forms ES-460 falling within this category was analyzed in detail. The results of this analysis are shown in Table 44.

TABLE 44. ANALYSIS OF DELAYS IN 350 CLAIMS ADJUSTED UNDER FORM ES-460
PROCEDURE

REASON FOR DELAY	NUMBER OF CLAIMS
Total	350
Central office	310
Inaction	288
Faulty determination of benefit rate and duration	22
Local office ("stop" in error)	2
Claimant	23
Absence of social security account number on original application	1
Incorrect certification	20
Difference in spelling of name	1
Improper endorsement of check	1
Not readily discoverable	15

Table 44 suggests that the chief proximate cause of complaint was the inability of the central office to process claims promptly

and correctly. The major cause of this difficulty is the imperfect operation of the stop-order system of benefit payments. However, the minor issue of "contested claims," that is, claims originally disallowed on the basis of the information contained in the wage-record files of the Bureau of Insurance Control, is also of some importance.

In order to determine the causes of disallowances which were later reversed, a number of claim adjustment reports authorized for payment in the period from December 22, 1938 to January 23, 1939 was taken and the reasons for the original faulty determination of benefit rights were investigated.

TABLE 45. ANALYSIS OF 117 CLAIMS ERRONEOUSLY DISALLOWED, LATER ALLOWED

REASON FOR FAULTY DETERMINATION	CLAIMS	
	Number	Per cent
Total	117	100
Employer		
Failed to report worker's social security account number	54	46
Reported worker's social security account number incorrectly	18	15
Clerical error in processing employer's report	45	39

The large percentage of clerical errors is noticeable. These arise out of the imperfect functioning of the complicated procedure used in the setting up of employee wage-record files. In New York State, employers report earnings by means of line entries on a quarterly report form. These entries are read and reproduced on punch "detail cards." Each step of the punching operation is verified, but verification is not absolutely effective in preventing errors. The detail cards are then sorted by employee social security account number. At the end of a base year, quarterly detail cards are mechanically collated into one file. This file is then reproduced on individual "employee visible history cards" by means of a special listing and totaling machine. This machine requires a great deal of assiduous attention to insure accuracy.

Late reports are processed in the same way but individual items are listed on supplementary visible history cards which are then interfiled into the mechanically established employee wage-record file by hand. As claims come in, visible history cards are removed by hand from this file and matched with notices of unemployment. This operation is subject to some degree of error. In 1938 about 800 incorrectly matched cards were later returned to the employee wage-record file after addressograph plates had been prepared. It is impossible to say how many such errors were not detected prior to the setting up of a benefit account.

It will be noted that the operation of establishing the wage-record file does not include the essential step of checking the employer's report to insure accurate transcription of the employee's social security account number. If the employer

neglects to report this number, a temporary account number is assigned to the worker. The employer and the worker are then notified of this fact and are specifically requested to furnish the missing information. But if the employer reports the employee account number incorrectly, the wage report is processed; the error does not come to light until a contest is filed by the dissatisfied claimant. While a replica of the Social Security Board index of master cards of numbers assigned by the Division of Old Age Pensions is on hand in the Bureau of Insurance Control, it is used only for the purpose of checking applications for benefits. Thus while safeguards for the preventing of benefit payments to ineligible persons are used, safeguards for the ensuring of payments to qualified claimants are lacking.

3. ANALYSIS OF PARTIAL UNEMPLOYMENT PROVISIONS OF STATE LAWS, 1938

a. STATUTORY PROVISIONS FOR COMPENSATING PARTIAL UNEMPLOYMENT, 1938

Forty-four of the fifty-one State unemployment compensation acts in effect in 1938 made provision for present or future payment of partial as well as total unemployment benefit. The chronological order in which these States began or will begin partial unemployment benefit payment is indicated below:

July 1936: Wisconsin

January 1938: Alabama, Arizona, California, Connecticut, District of Columbia, Louisiana, Maine, Maryland, Minnesota, New Hampshire, North Carolina, Oregon, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia

April 1938: Indiana

July 1938: Iowa, South Carolina

September 1938: Idaho

December 1938: New Mexico, Oklahoma

January 1939: Alaska, Arkansas, Colorado, Delaware, Florida, Georgia, Hawaii, Kansas, Michigan, Missouri, Nevada, North Dakota, Ohio, South Dakota, Washington, Wyoming

July 1939: Illinois

January 1940: Kentucky

The seven States which do not provide partial unemployment compensation are: Massachusetts, Mississippi, Montana, Nebraska, New Jersey, New York, and Pennsylvania. Three of these States—Mississippi, New York, and Pennsylvania—have enacted mandates for a study of the subject as a preliminary to legislative action.

In addition to the acts of States and territories, the Railroad Unemployment Insurance Act passed by Congress and approved on June 25, 1938 contains provisions for partial unemployment insurance which apply to workers on interstate railroads. Benefits under this Act are payable July 1, 1939.

With the exception of the Railroad Unemployment Insurance Act, the partial unemployment compensation provisions are of the pattern suggested in the Draft Bills of the Social Security Board. The base from which the loss to be compensated is measured is the "full-time weekly wage."¹ The intent is to compensate the worker for loss of earnings below a specified level, provided the loss exceeds a fixed percentage fraction of full-time earnings and is due solely to inability of the employer to provide full-time work. It is not the intention of the provisions to compensate for the entire loss in earnings or for losses due to illness or voluntary unemployment.

¹The "full-time weekly wage" is defined by various devices, specified in the statutes.

Since partial unemployment benefit compensates a loss in weekly earnings, it is expressed and payable under nearly all State acts as a weekly amount.² The benefit duration for partial unemployment is limited by the maximum benefit credits available under the benefit formula. The content of partial unemployment benefit provisions, as of the related benefit provisions for total unemployment, derives from the use of the week as a unit of reckoning.

With the enactment of the Railroad Unemployment Insurance Act, however, the concept of compensating for lost time was introduced in place of compensating for loss of earnings. The interstate railroad worker will receive unemployment benefits in proportion to his past annual earnings instead of full-time weekly earnings. He will receive a specified benefit rate per day of unemployment. This means that there is compensation for each day on which the worker does not work. It should be observed, however, that unemployment of less than a day's duration, even though it amounts to a substantial proportion of a working week, is not compensable. The distinction between partial and total unemployment compensation is obliterated except for unemployment of less than a day's duration. The duration of compensable unemployment benefit under the Railroad Unemployment Insurance Act is also expressed in terms of days but is related to the frequency of the occurrence of the days of unemployment in a half-monthly period.

In contrast to the Draft Bills and the Railroad Unemployment Insurance Act, the Michigan Unemployment Compensation Act compensates partial unemployment on a monthly basis. This provision is, nevertheless, closely linked with compensation of total unemployment on a weekly basis. In concept, the Michigan partial unemployment benefit provision is not independent of the full-time weekly wage. In practice, it departs from it insofar as a week of partial unemployment falling within a four-week period may be offset and rendered noncompensable by one or more weeks of full or nearly full employment within the same period of time.

Definitions of Partial Unemployment

A partially unemployed worker, as defined in State unemployment compensation acts that follow the Draft Bills, is one who experiences a loss of earnings below a specified level in a given week, expressed in terms of benefit rate for total unemployment. The States employ various definitions of this type.

Twenty-four States³ consider a worker partially unemployed when his weekly earnings fall below six fifths (120 per cent) of his benefit rate for total unemployment. If the worker's total unem-

² The Michigan Law introduces a somewhat different approach. See p. 213.

³ The States are: Alaska, Arkansas, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Kansas, Maine, Maryland, Minnesota, Missouri, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Tennessee, Utah, Vermont, Washington, West Virginia, Wyoming.

ployment benefit rate is regarded as half his "regular," "normal," or "full-time" weekly wage, this definition means that he is not partially unemployed until his weekly earnings are reduced by 40 per cent. In other words, he is ineligible for any compensation on the first 40 per cent decrease in earnings. When a worker's earnings are more than twice his weekly benefit rate, he must lose more than 40 per cent to be entitled to partial unemployment benefits.

In nine laws,⁴ partial unemployment benefit begins when earnings fall below the total unemployment benefit rate plus \$2.00. One law, that of Alabama, sets the dividing line between compensable and non-compensable unemployment at the total unemployment benefit rate plus \$1.00.

In eight laws,⁵ weekly earnings must fall below the total unemployment benefit rate. Where the benefit rate for total unemployment represents one half of normal weekly earnings, this definition requires a 50 per cent loss of earnings to establish eligibility; where the rate is less than one half of normal earnings, a higher percentage of loss must be incurred.

It will be noted that these definitions are stated in terms of loss of wages. Since wages may be lost for various reasons that would make unemployment compensation undesirable, the definitions usually stipulate that the week of partial unemployment be one "of less than full-time work."

A fourth type of definition is that found in the Ohio Law which adopts the loss-of-earnings approach explicitly in the requirement that weekly earnings fall below 60 per cent⁶ of the "average weekly wage" before partial unemployment benefit may be payable for any week.

The fifth and last type of definition is to be found in the Michigan provision which does not regard a worker as partially unemployed until his earnings in four weeks, or one month, fall below five times his weekly total unemployment benefit rate. Considering the latter as half of normal weekly wages, no partial unemployment benefits are payable a Michigan worker unless in a four-week period he loses at least one and one-half weeks of wages.

The Michigan definition is, however, further elaborated by the clause that "any loss of wages incurred by an individual during such monthly period resulting from any cause other than the failure of his employer to furnish full-time, regular employment, shall be included as wages earned." This clause, by an amendment of August 5, 1937, supplanted an even more specific provision which excluded from consideration any wage loss due to "voluntary

⁴Arizona, District of Columbia, Iowa, Nevada, New Hampshire, Rhode Island, South Carolina, South Dakota, Texas.

⁵California, Connecticut, Georgia, Indiana, Kentucky, Louisiana, Virginia, Wisconsin.

⁶Prior to the amendment of May 7, 1937, the figure was 40 per cent as recommended by the Ohio Commission on Unemployment Insurance in 1932. Cf. Ohio Commission on Unemployment Insurance Report, Part I (Columbus, 1932-1933), p. 72.

absence, sickness, accidental injury, or any cause other than the failure of his employer to employ him fully.⁷

As already stated, the payment of benefit for days of unemployment under the Railroad Unemployment Insurance Act makes it unnecessary to set an arbitrary wage loss at which partial unemployment is deemed to begin.

Eligibility for Partial Unemployment Benefits

A worker may be partially unemployed in a legal sense but yet be ineligible for benefits. To be eligible, he must, in addition, meet the requirements of sufficient total earnings in past calendar quarters applied to claimants for total unemployment benefit. These vary from State to State. The most common eligibility requirement, found in twenty-one States, requires earnings of sixteen times the total unemployment benefit rate in the first three of the four completed calendar quarters immediately preceding the filing of a claim for benefits.⁸

Eligibility under the Railroad Unemployment Insurance Act is determined on the basis of two factors: first, the number of days of unemployment per half-month (any fifteen consecutive calendar days), and second, the amount of earnings in the base year. To qualify for benefits, a worker must have eight days of unemployment in any fifteen consecutive calendar days (that is, be unemployed approximately half the time) and must have earned \$150.00 in his base year.⁹

Waiting-Period Provisions for Partial Unemployment Benefits

In addition to meeting eligibility requirements, the partially unemployed benefit claimant must, in all States but California, Oklahoma, and South Carolina, wait a stipulated number of weeks before benefit payment may actually begin. Thirty-six of the State acts, following the provisions suggested in the Draft Bills of the Social Security Board, provide for a waiting period of two, three, or four weeks of total unemployment for all claimants.¹⁰

⁷ In an administrative regulation, Michigan also takes cognizance of the factor of hours, by providing that "in the absence of evidence to the contrary, no individual shall be determined to be 'partially unemployed' who has had available to him more than 120 hours of work during the period covered by the claim." (*Regulation 25, Michigan Unemployment Compensation Commission.*)

⁸ Social Security Board, *Comparison of State Unemployment Compensation Laws* (Washington, August 1, 1938), pp. 67-68.

⁹ Base year is defined as the last completed calendar year for a benefit year beginning on or after July 1; next to the last completed calendar year for benefit year beginning prior to July 1.

¹⁰ Alabama (3 in 52), Alaska (2 in 13), Arizona (2 in 13), Arkansas (2 in 13), Colorado (2 in 13), Connecticut (2 in 13), Delaware (2 in 13), District of Columbia (3 in 52), Florida (3 in 26), Georgia (2 in 13), Idaho (3 in 13), Illinois (3 in 13), Indiana (2 in 13), Iowa (2 in 13), Kansas (2 in 13), Kentucky (3 in 26), Maine (2 in 13), Maryland (2 in 13), Missouri (3 in 13), Nevada (2 in 13), New Hampshire (3 in 13), New Mexico (2 in 13), North Carolina (2 in 13), North Dakota (2 in 13), Oklahoma (2 in 13), Oregon (2 in 13), Rhode Island (2 in 13), South Dakota (3 in 13), Tennessee (3 in 13), Texas (2 in 13), Utah (2 in 13), Vermont (3 in 26), Virginia (2 in 13), Washington (2 in 13), West Virginia (2 in 13), Wyoming (2 in 13).

The figures in parentheses give the waiting period in terms of total unemployment and the maximum period during which the required number of weeks may be accumulated, if they are not served successively. For example, in Virginia the waiting period of two total unemployment weeks or four partial unemployment weeks must be served within a period of thirteen weeks.

This provision is applied to partial unemployment benefit claimants by regarding two weeks of partial unemployment as the equivalent of one week of total unemployment. Thus, if the law requires a waiting period of two weeks of total unemployment, the equivalent for partial unemployment benefit claimants is four weeks of partial unemployment or one week of total unemployment plus two of partial unemployment. The Minnesota provision differs from the prevailing type in counting three weeks of partial unemployment as the equivalent of one week of total unemployment.

In addition to the three States—California, Oklahoma, and South Carolina—which require no waiting period for partial unemployment benefit, four States—Louisiana, Ohio, Michigan, and Wisconsin—also depart from the practice suggested in the Draft Bills of devaluating a week of partial unemployment in counting waiting credits.

In Louisiana, a week of partial unemployment during the waiting period has the same value as a week of total unemployment. Administratively, this practice is much simpler than that of the Draft Bills, but it gives a different theoretical slant to the waiting-period concept. The purpose of the Draft Bills seems to be to compensate partially unemployed workers only after they have lost approximately the same number of times their weekly wages as the totally unemployed workers. The Louisiana provision is more advantageous to the partially unemployed workers.¹¹

In Ohio, no benefits are payable before the claimant has lost the equivalent of three weeks of normal weekly wages. As a result, the waiting period in point of time is extremely variable. The partially unemployed worker has no better knowledge of when his waiting period will end than he has of what reduction in earnings he will experience in the forthcoming weeks. For example, a partially unemployed worker whose average weekly wage is \$30.00 may have to wait anywhere from three weeks to seven weeks and three days, depending on a loss of earnings varying from fifty cents to \$12.01.¹²

Actually, there is no waiting period for partial unemployment benefits in the Michigan Law. But a waiting period is implicit in the definition of partial unemployment, which requires a loss in earnings of three times the total unemployment benefit rate in a period of four weeks before partial unemployment benefits may begin. This means not only that the worker who becomes partially

¹¹ However, the Draft Bill provisions designed to ensure equity between the two types of unemployment may give the advantage to the totally unemployed worker. They assume that a partially unemployed worker loses one-half of a week's wages in a week of partial unemployment. As a matter of fact, compensable partially unemployed workers lose more than a half of the week's wages on the average, since very few workers earning more than 50 per cent of wages are eligible for partial unemployment benefits. Therefore, on the average, in point of wages, the partially unemployed worker waits longer than the totally unemployed worker. In other words, by requiring him to wait twice as long in point of time, he is required to lose more in point of wages before he can receive benefits, e. g., if a two-week total waiting period is provided, a partially unemployed worker losing two-thirds of his weekly wages would in a four-week waiting period lose eight-thirds of his weekly wages, or two-thirds of his weekly wage in excess of the wage loss of the totally unemployed worker in a two-week waiting period.

¹² Example supplied by the Unemployment Compensation Commission, State of Ohio.

unemployed cannot receive benefits before a month elapses, but also that there is a longer lapse of time between occurrence of partial unemployment and the payment of compensation than is allowed by the statutes of other States.

The waiting period in Wisconsin is complicated by the system of individual employer reserve funds. A worker may be partially unemployed with one employer and eligible for benefits from the account of a previous employer. With respect to the latter, the week of partial unemployment is counted as one of total unemployment for waiting-period purposes in connection with benefits from the account of that employer.¹³

The waiting period under the Railroad Unemployment Insurance Act is the same for total and partial unemployment. Within six months prior to the beginning of the benefit year, a waiting period of either fifteen consecutive days of unemployment or two fifteen-day periods in each of which at least eight days unemployment are experienced, must be served.

Determination of Amount of Partial Unemployment Benefits

The benefits paid to eligible partially unemployed workers at the end of their statutory waiting period are determined by one of seven formulas.¹⁴

(1) Twenty-two laws¹⁵ set the weekly amount for partial unemployment benefit as suggested in the Draft Bills at the difference between the total unemployment benefit rate and five sixths of earnings with a regular employer in any week of partial unemployment. Under this formula, the one sixth of earnings not deducted represents a "bonus" to the worker. This allowance above the benefit rate is justified as an inducement to accept any employment available, even if the partially unemployed worker may receive a larger monetary return through earnings and benefit combined than the totally unemployed worker secures through benefit alone.

(2) Another way of achieving the same result is found in the fourteen acts¹⁶ which use as the partial unemployment benefit amount the difference between the total unemployment rate and weekly earnings during partial unemployment, plus \$2.00.

(3) Three States—California, Indiana, and Wisconsin—make the partial unemployment benefit rate merely the difference between

¹³ Cf. Social Security Board, *Comparison of State Unemployment Compensation Laws*, p. 72, Ch. 343, L. 1937 (Wisconsin), Sec. 108.04 (3).

¹⁴ The definition of eligibility for partial unemployment benefits in terms of loss of earnings corresponds, in most State acts, to the formula for determining the weekly benefit amount. For example, in twenty-one States, the worker who earns less than six fifths of his total unemployment benefit rate is entitled to benefits amounting to five sixths of the difference between his actual earnings and six fifths of the full-time weekly wage. However, in nine States (Alabama, Connecticut, Georgia, Hawaii, Idaho, Kentucky, Louisiana, New Mexico, Virginia), the definition of eligibility is incompatible with the definition of the benefit rate.

¹⁵ Alaska, Arkansas, Colorado, Delaware, Florida, Georgia, Illinois, Kansas, Maine, Maryland, Minnesota, Missouri, North Carolina, North Dakota, Oklahoma, Oregon, Tennessee, Utah, Vermont, Washington, West Virginia, Wyoming.

¹⁶ Alabama, Arizona, Connecticut, District of Columbia, Idaho, Iowa, Louisiana, Nevada, New Hampshire, New Mexico, Rhode Island, South Carolina, South Dakota, Texas.

the total unemployment benefit rate and the weekly earnings in partial employment. In this case, partially and totally unemployed workers, with the same total unemployment benefit rate, would receive the same income each week.

(4) Two States—Kentucky and Virginia—make the rate equal to the total unemployment benefit rate minus four fifths of the earnings in the week. Thus, the bonus for partial unemployment is one fifth of the earnings.

(5) Hawaii, while following the bonus principle, does so in a different way by making the partial unemployment benefit rate equal to six fifths of the total unemployment benefit rate less the earnings. The partially unemployed worker's allowance is, thus, a sum represented by one fifth of his total unemployment benefit rate.

It is of interest to compare the prima facie liberality of these five formulas. The formula with the greatest liberality is simply the one which provides the greater partial unemployment benefit amount, all other things—the definition of the full-time weekly wage, the total unemployment benefit rate, and the earnings in the week of partial unemployment—being equal. As schedule shown below indicates, it cannot be said that one formula is always more liberal than another. One may be more liberal than another within a given range of earnings, but the situation may be reversed in another range.

COMPARATIVE LIBERALITY OF PARTIAL UNEMPLOYMENT BENEFIT RATE PROVISIONS

FORMULA	WEEKLY AMOUNT PROVIDED BY FORMULA
A	Total unemployment benefit rate minus earnings plus \$2.00
B	Total unemployment benefit rate minus four fifths of earnings
C	Total unemployment benefit rate minus five sixths of earnings
D	Total unemployment benefit rate minus earnings
E (a)	Six fifths of total unemployment benefit rate minus earnings

Earnings (b)	RANK OF LIBERALITY			
	First	Second	Third	Fourth
Below \$1.66	A	B	C	D
\$1.66	A	B	C	D
\$1.67 to \$9.99	A	B	C	D
\$10.00	A or B	A or B	C	D
\$10.01 to \$11.99	B	A	C	D
\$12.00	B	A or C	A or C	D
Over \$12.00	B	C	A	D

(a) E is more liberal than A when the total unemployment benefit rate exceeds \$10.00.

E is more liberal than B when earnings are less than the total unemployment benefit rate.

E is more liberal than C when earnings are less than six fifths of the total unemployment benefit rate.

E is more liberal than D always.

(b) The amount earned during the week of partial unemployment with the regular employer.

(6) The Ohio formula varies benefits with weekly earnings on the basis of a schedule. Partial unemployment benefit payment depends on the amount of earnings lost by the worker but is not

precisely proportional to the amount lost, as appears from the following scale:

WEEKLY EARNINGS AS A PER CENT OF "AVERAGE WEEKLY EARNINGS"	AMOUNT OF PARTIAL UNEM- PLOYMENT BENEFIT AS A PER CENT OF "AVERAGE WEEKLY EARNINGS"
45-60	10
30-45	20
15-30	30
0-15	40

An analysis of this rate scale indicates that its purpose—to give partially unemployed individuals a greater weekly income than they would receive if totally unemployed—is not always realized. For example, a worker whose average weekly wage is \$30.00 and whose total unemployment benefit rate is \$15.00, would have a weekly income of less than \$15.00 if his weekly earnings in partial employment are between \$5.00 and \$5.99 inclusive; if his earnings are \$6.00, he would get exactly \$15.00. The same situation obtains for workers who earn less than \$3.00.

(7) The seventh type of formula in use by the States is that of Michigan, which provides for monthly compensation of partial unemployment at a rate equal to the difference between earnings for a month or four-week period of partial unemployment and five times the benefit rate for total unemployment. This is the provision as amended August 5, 1937. Prior to that date it was the same except that earnings in excess of \$12.00 in employment not subject to the Act, or arising from self-employment, were disregarded in the computation of partial unemployment benefits.

The payment of partial unemployment benefits at monthly intervals under the Michigan formula, despite the fact that in the same State total unemployment benefits are paid weekly, represents a point of departure for unemployment insurance in this country. Monthly computation of loss of earnings reduces the administrative task to some extent but is less advantageous to the employees. In the first place, weeks of low earnings may be balanced by weeks of earnings above the benefit rate during the same month and the amount of compensable partial unemployment be thereby reduced. Secondly, payments may be delayed for a month after the occurrence of partial unemployment.

The Railroad Unemployment Insurance Act is the only unemployment compensation act in the United States that does not base the partial unemployment benefit amount on a weekly total unemployment benefit rate. It compensates for days of total unemployment, regardless of whether they occur in weeks of total or of partial unemployment. The benefit rate is a daily amount, varying for different wage classes according to the schedule on the following page.

TOTAL EARNINGS IN "BASE YEAR" (a)	DAILY BENEFIT AMOUNT	MAXIMUM BENEFIT IN FIFTEEN CON- SECUTIVE DAYS	MAXIMUM ANNUAL BENEFIT
\$150.00- \$199.99	\$1.75	\$14	\$140
200.00- 474.99	2.00	16	160
475.00- 749.99	2.25	18	180
750.00-1,024.99	2.50	20	200
1,025.00-1,299.99	2.75	22	220
1,300.00 and over	3.00	24	240

(a) The last complete calendar year before the start of an individual benefit year beginning before July 2 of a calendar year or the next to the last completed calendar year before the start of an individual benefit year beginning after July 1 of a calendar year. Cf. Public, No. 722, 75th Congress, Ch. 680, 3rd Session, Sec. (1), (1).

Duration of Compensable Unemployment

There are no special provisions limiting duration of partial unemployment benefits. The provisions that apply to the duration of total unemployment benefit cover partial unemployment benefit as well. Most commonly, the States limit duration or the maximum amount of benefit obtainable in a "benefit year" to sixteen times the total unemployment benefit rate, or to one sixth of earnings in the preceding two-year base period. Usually, the maximum sum payable is \$240.00.¹⁷

Owing to the fact that duration of total unemployment is expressed in dollars, not in weeks, the duration of partial unemployment benefit in terms of weeks will exceed the maximum duration of total unemployment benefit in weeks. If the partial unemployment benefit rate is small enough and other conditions are met, partial unemployment benefits may be paid for fifty-two weeks under the typical State act. This is not presented as a paradox. Its significance lies in its effect on administration which is discussed in other sections of this Report.

Under the Railroad Unemployment Insurance Act, the duration of benefit, for partial as well as total unemployment, is eighty days in a benefit year.

b. BILLS AND CURRENT SUGGESTIONS

The Social Security Board, while charged with the approval of State unemployment compensation acts with respect to meeting certain standards set forth in the Social Security Act, is not empowered to determine the nature and provisions of State acts. The newness of the subject and the preoccupation of State Legislatures with retention of the Federal taxes within the States rather than concern for development of principles to govern the systems made it inevitable for most of the States to look to the Board for leadership and guidance in formulating and setting up their unemployment compensation laws. The Board has therefore been able to exert an influence on State unemployment compensation systems by issuing draft proposals and memoranda and by offering advisory assistance to States in working out details of legislation and procedure.

¹⁷ Twenty-seven States limit the benefit amount to sixteen times the weekly total unemployment benefit rate. Twenty-seven States set up the alternative maximum of one sixth of wage credits based on wages earned in the first eight out of the last nine calendar quarters. Cf. Social Security Board, *Comparison of State Unemployment Compensation Laws*, pp. 61-63.

Probably most influential of the documents issued by the Social Security Board were the Draft Bills of 1936 and 1937, which resulted from the need for legislative guidance and which determined much of the form and content of the State acts. The provisions of these bills are therefore important as reflections of the Board's views.

Draft Bills of 1936 and 1937

The Board has pointed out that compensation for partial unemployment is essential in a thorough scheme of unemployment compensation since workers may suffer yearly as great loss of earnings through periods of reduced hours as through shorter periods of total unemployment. Without provision for covering these losses, an unemployment compensation system discriminates against such workers. Inducements to quit work during short time or alternation of weeks of full employment with weeks of total unemployment in order to qualify for total unemployment benefits are practices which result from omission of a partial unemployment benefit scheme.

Partial unemployment benefits, however, should apply only to workers who are attached to regular jobs and have reduced earnings because of reduction in full-time work; workers who are totally unemployed but receive income from odd jobs not in their regular employment should come under provisions governing total unemployment.¹

Compensation for reduction in earnings caused by wage cuts, reduction in standard working hours, or absence for personal reasons should be considered outside the scope of unemployment compensation. But claimants who return to their former jobs on a short-time basis after a spell of total unemployment are specifically included in the category of partially unemployed persons.

The Board's attitude toward partial unemployment is related directly to its adoption of an unemployment compensation system based on a concept of earnings expressed in terms of the full-time weekly wage. It has maintained that, so far as possible, the system of partial unemployment benefits be related to and built upon that applying to total unemployment.

The Board's Draft Bills, therefore, use the week as a time unit for measuring partial unemployment, relate partial unemployment benefit amount to the weekly benefit rate for total unemployment, and define partial unemployment benefit as a relationship of reduced weekly earnings to the total unemployment benefit rate. In reviewing the partial unemployment benefit provisions of the Draft Bills, therefore, the general provisions concerning determination of eligibility for benefits, weekly benefit rates, waiting periods, and duration of benefits for total unemployment must be kept in mind.

Both the 1936 and the 1937 Draft Bills defined a worker as

¹The latter type of unemployment has been termed "part-total" unemployment; the term applied to benefits so paid is "reduced total benefits."

partially unemployed "in any week of less than full-time work if his wages payable for such week are less than six fifths of (or, as an alternative, if his wages fail to equal \$2.00 more than) the weekly benefit amount he would be entitled to receive if totally unemployed and eligible."²

Under the Draft Bill provisions, the yardstick of eligibility was the same for partial and for total unemployment—120 per cent (six fifths) of the benefit rate. The amount of partial unemployment benefit was based on the difference between the benefit rate and five sixths of earnings. The 1937 Draft Bill provision³ reads: "each eligible individual who is partially unemployed in any week shall be paid with respect to such week a partial benefit. Such partial benefit shall be an amount equal to the difference between his weekly benefit amount and five sixths of his wages . . . for such week (or, as an alternative, an amount which if added to his wages . . . for such week, would exceed his weekly benefit amount by \$2.00). If such partial benefit for any week equals less than \$2.00, it shall not be payable unless and until the accumulated total of such partial benefits with respect to weeks occurring within the thirteen preceding weeks equals \$2.00 or more."⁴

The 1936 Bills made no special mention of partial unemployment with respect to the waiting period, but the 1937 revisions provided that ". . . two weeks of partial unemployment shall be deemed to be equivalent to one week of total unemployment. . . ."⁵ Since the waiting period was set at two weeks of total unemployment (not necessarily consecutive) within the thirteen weeks preceding the week for which benefits are claimed, the equivalent for the partially unemployed worker is four weeks in a thirteen-week period.

Proposals for Simplification, 1938 and 1939

With the beginning of benefit payments by State agencies in 1938, administrative difficulties appeared which suggested the need for simplification of certain provisions, many of which had been taken from the Board's Draft Bills. Working out proposals for simplification has been a major concern of the Board. The new recommendations do not change the underlying principles of existing legislation.⁶ They are directed rather toward making provisions which are simpler to understand and to administer.

The Social Security Board urges that all proposed changes should be considered in the light of certain general aims: to make

² Social Security Board, *Draft Bills*, 1936, Sec. 19 (j).

³ Social Security Board, *Draft Bills*, 1937, Sec. 2 (m) (2).

The 1937 definition also included a \$3.00 odd-job allowance: "the term 'wages' shall include only that part of remuneration for odd jobs or subsidiary work, or both, which is in excess of \$3.00 in any one week, and the term 'services' shall not include that part of odd jobs or subsidiary work or both, for which remuneration equal to or less than \$3.00 in any one week is payable." Sec. 2 (m) (3).

⁴ Sec. 3 (c) (3). The 1936 provisions have no essential differences.

⁵ This provision is designed to eliminate the writing of small checks.

⁶ Social Security Board, *Draft Bills*, 1937, Sec. 4 (d).

⁷ "The concept of benefits related to full-time weekly wages has been retained because of the need of measuring benefits by some standard of wages related to full-time employment." Social Security Board, Bureau of Unemployment Compensation, *Draft Amendments to the Benefit Formulas with Transition Provisions*, p. 1.

the laws understandable, particularly to workers; to maintain the relation of benefit rights to previous earnings but with less effort for precise and individual adjustment than the present laws attempt; to assure the social adequacy of the benefit structure with no reduction of the present level of benefits and with liberalization where possible; to develop a system that can operate promptly and economically.⁷

Since the provisions for partial unemployment benefits are related to total unemployment benefits, any simplification changes in the provisions for payment of total unemployment benefits would automatically simplify payment of partial unemployment benefits. The Board's proposals for simplification affecting the partial unemployment benefit system include suggested technical changes in the base period, redeterminations, waiting period, determination of weekly benefit amount, etc.⁸ Specific partial unemployment benefit changes considered in Social Security Board memoranda include: rounding partial unemployment benefit payments to the nearest dollar, elimination of the \$2.00 premium in the weekly partial unemployment benefit amount, use of the same system for both partial and total unemployment benefits in calculating the full-time weekly wage (rather than a current wage for partial unemployment regardless of the weekly wage formula for total unemployment), fixing an individual maximum money amount payable in a benefit year for partial or total unemployment, and equalizing the waiting period for total and partial unemployment benefits.

The new definition of "unemployment" combines in a single clause both total and partial unemployment, thus emphasizing the Board's belief that "the system of benefits for partial unemployment should be related to and built upon the system of benefits for total unemployment."⁹ The proposed definition reads: "An individual shall be deemed 'unemployed' in any week during which he performs no services and with respect to which no wages are payable to him, or in any week of less than full-time work if the wages payable to him with respect to such week are less than his weekly benefit amount. The commissioner shall prescribe regulations applicable to unemployed individuals making such distinctions in the procedures as to total unemployment, part-total unemployment, partial unemployment of individuals attached to

⁷ Wagenet, K. G., "Current Proposals for Amendment of Unemployment Compensation Laws," *American Labor Legislation Review*, December 1933, pp. 149-150.

⁸ Social Security Board *Draft Amendments to the Benefit Formulas with Transition Provisions*, January 1939, include, in addition to specific suggestions concerning partial unemployment benefits, the following important suggestions for changes in the total unemployment benefit system: (1) individual fixed base period of four out of five calendar quarters with an individual benefit year of fifty-two consecutive weeks beginning with the first day for which the individual first files a valid claim or a uniform calendar base year with a uniform benefit year (2) individual duration measured by base-period wages (maximum benefits to equal one-third wages earned in base period) or uniform duration giving worker maximum benefits equal to "R" times his benefit rate (3) benefit formulas based on weekly benefit amount related to full-time weekly wages as to a concept of full-time weekly wages based upon a fraction of highest quarterly earnings, either one-twentieth, one twenty-fifth, or one twenty-sixth. In the latter case, tables of benefit rates based on wage classes are introduced.

⁹ Social Security Board, Bureau of Unemployment Compensation, *Interim Report on Simplification of the Benefit Formula in State Unemployment Compensation Laws*, October 2, 1938, p. 8.

their regular jobs, and other forms of short-time work, as the commissioner deems necessary."¹⁰

It is suggested that the single definition of unemployment establishes "identical substantive rights for all unemployed individuals." At the same time, the administration is to effect procedural distinctions between the various types of unemployment. The suggested changes are intended to achieve greater flexibility in the law, without sacrificing differentiation in treatment of these kinds of unemployment. Two other points may be noted: (1) the statutory recognition of partial unemployment relates it directly to individuals attached to their regular jobs and (2) the \$2.00 (as well as the one fifth of benefit rate) allowance over the benefit rate for total unemployment to determine eligibility for partial unemployment benefits has been dropped. The Board's present unfavorable attitude to this allowance is based on anomalies which have appeared in determining the existence of partial unemployment for workers with low weekly earnings.

The same tendency toward a single formula for all types of unemployment is indicated in the wording of the new provision for determining amount of benefit due. The Board suggests for consideration that "each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount *less that part of the wages* (if any) payable to him with respect to such week which is in excess of (*e.g.*, \$3.00 or \$2.00). Such benefit, if not a multiple of \$1.00, shall be computed to the next higher multiple of \$1.00."¹¹

Having included partial unemployment in the general definition of unemployment, no separate formula for the amount of partial unemployment benefits is deemed necessary. The formula of benefit rate minus earnings now covers the weekly benefit amount for all types of unemployment. The \$2.00 (or the one sixth of earnings) premium for partial unemployment has been dropped.¹²

The reason governing the dropping of this premium was that, with use of the one-twentieth formula,¹³ the weekly benefit amount in cases of steady employment in the highest-earnings quarter was estimated to be more than one half the average weekly wage, and larger sums would be paid for partial than for total unemployment.

The odd-job or subsidiary earnings allowance also applies to all unemployed persons. The Board suggests that in setting up this allowance—\$2.00 or \$3.00—consideration be given to incentives to supplementary work, to administrative inconvenience, and to prevailing wage levels.

The waiting-period provisions are liberalized and simplified by reducing requirements to one period within a benefit year.

¹⁰ Social Security Board, *Draft Amendments to the Benefit Formulas with Transition Provisions*, January 1939, Sec. 2 (m).

¹¹ Social Security Board, *Draft Amendments to the Benefit Formulas with Transition Provisions*, January 1939, Sec. 3 (b) (2).

¹² This refers to the Draft Bill provision giving the amount of partial unemployment benefits.

¹³ See footnote 8 on page 217 giving changes in method of determining full-time wage.

The suggested Board proposal now requires a claimant to be ". . . unemployed for a waiting period of two weeks . . . (which) need not be consecutive . . ." The waiting period must occur within the benefit year unless one week or two consecutive weeks immediately preceding the benefit year are part of an uninterrupted period of unemployment which continues into the benefit year.

The 1937 Draft Bill provision making two weeks of partial unemployment equal one week of total unemployment for waiting-period purposes has been dropped. Inequity has been found to arise from possible loss of more income in two weeks of partial than in one week of total unemployment, when earnings are much less than the weekly benefit rate. The complicating factor of having to serve an extra waiting week when weeks of total are followed by weeks of partial unemployment was viewed as an unfavorable result of the original provision.

The broad definition of unemployment eliminates confusion as to whether there is a separate waiting period for partial and total unemployment and equates weeks of partial and total unemployment for waiting-period purposes. A further consideration was that having only one waiting period would result in better understanding and less dissatisfaction on the part of claimants, especially intermittent workers or those who secure odd jobs or partial employment near the end of a thirteen-week period.¹⁴

The Social Security Board has not completely disregarded proposals for more fundamental changes in the partial unemployment benefit structure, but its interest in them has been mostly contemplative. It has mentioned as alternatives to the week as the time unit for measuring partial unemployment such measures as loss of earnings over a month's period or loss of days of work in excess of a specified number. A practical consideration of such proposals has been postponed until after further study.

*Proposal of the Federal Coordinator of Transportation*¹⁵

The original plan for unemployment insurance for transportation employees presented by the Federal Coordinator of Transportation differed in several important respects from the bill which was passed by Congress. The enacted measure represents a proposal sponsored by railway executives and railway labor unions.

Under the proposed system¹⁶ a worker who suffered a wage loss¹⁷ in a half-month period which exceeded 10 per cent of "average monthly earnings" would have been partially unemployed.

The amount of partial unemployment benefit to a worker who was partially unemployed in any half month would have been paid at the

¹⁴ See pp. 209-211 for discussion of States' experience under existing waiting-period provisions.

¹⁵ U. S. Federal Coordinator of Transportation, Section of Labor Relations, *Unemployment Compensation for Transportation Employees* (Washington, D. C., 1936).

¹⁶ Excludes loss of earnings due to sickness, accident, or other causes not related to unemployment.

¹⁷ To be eligible for partial or total unemployment benefits, a worker must have earned in the base period at least four times the "average monthly earnings."

rate of five eighths of the difference between his loss of earnings for the half month and 10 per cent of his "average monthly earnings." The minimum benefit was set as follows: "The amount of benefit payable to an individual for any half month plus his earnings in such half month shall not be less than \$12.50 or three eighths of such average monthly earnings, whichever is less."

The waiting period was to be based on loss of earnings. A worker's claim would not be compensable until after "he has had a loss of earnings equal to one half of his average monthly earnings." For the totally unemployed worker this meant a waiting period of one half of a month. For the partially unemployed worker, the period would be longer, varying with the amount of earnings lost.

The total amount of benefit which could be drawn in any benefit year would have been limited to one twelfth of total earnings in the previous two years. However, for the partially unemployed, duration was also limited to benefits in no more than twelve half-months in which earnings were received from such employment. (A four-month limitation for total unemployment was proposed.)

C. LEADING OPINIONS ON PARTIAL UNEMPLOYMENT INSURANCE

The proposals and statements quoted below are taken from memoranda which have been submitted by interested parties to the New York Unemployment Insurance State Advisory Council in connection with proposed amendments and from correspondence with the New York Division of Placement and Unemployment Insurance. The statements dealing with amendments covered the entire field of unemployment insurance legislation and it has been necessary to select only sections relating to partial unemployment benefits. Such portions dealing with benefits for total unemployment as seemed essential to an understanding of the partial unemployment benefit rates have also been included.

The only program for legislative revision originating with employers is the plan sponsored by the New York State Employers' Conference, elsewhere known as the "Cliffe Plan," which was submitted in October 1938 to the Interstate Conference of Unemployment Compensation Agencies. It represents the opinion of a group of employers in New York State concerned with unemployment insurance legislation and administration and has been used as the basis of amendments introduced under various auspices in many State legislatures. It touches upon almost all features of the present insurance scheme but focuses on two major changes: a shift from full-time weekly wage to annual earnings as the basis for a benefit-rate structure and a change in the present contribution provisions to provide for contribution rates varying with experience or merit rating and for an employee contribution to the Fund. The other statements quoted here were prepared more or less as answers to the arguments presented in proposal of the Employers' Conference.

New York State Employers' Conference Proposal—Excerpts from a memorandum, "Proposed Amendments to New York Unemployment Insurance Law"

Amendments

Section 505. Amount of benefits. Strike out Paragraph (1) and substitute the following:

Amount and duration of benefits.

(a) Benefits payable to an employee on account of total unemployment after the specified waiting period shall be at the weekly rate appearing in Column C in the table¹ in this paragraph, on the line on which, in Column A, there is indicated the employee's wage class. The employee's wage class shall be determined by the total amount of wages paid to him in his base year, as shown in Column B.

SCHEDULE A

Wage class (Column A)	Wages in base year (Column B)	Weekly benefit rate for total unemployment (Column C)	Maximum benefits in benefit year for total and/or partial unem- ployment	
			Weeks (Column D)	Amount (Column E)
1	\$1,350 or over	\$15.00	16	\$240
2	1,300 to \$1,349.99	14.50	16	232
3	1,250 to 1,299.99	14.00	16	224
4	1,200 to 1,249.99	13.50	16	216
5	1,150 to 1,199.99	13.00	16	208
6	1,100 to 1,149.99	12.50	16	200
7	1,050 to 1,099.99	12.00	16	192
8	1,000 to 1,049.99	11.50	16	184
9	950 to 999.99	11.00	16	176
10	900 to 949.99	10.50	16	168
11	850 to 899.99	10.00	16	160
12	800 to 849.99	9.50	16	152
13	750 to 799.99	9.00	16	144
14	700 to 749.99	8.50	16	136
15	650 to 699.99	8.00	16	128
16	600 to 649.99	7.50	16	120
17	550 to 599.99	7.00	16	112
18	500 to 549.99	6.50	16	104
19	450 to 499.99	6.00	16	96
20	400 to 449.99	5.50	16	88
21	350 to 399.99	5.00	16	80
22	300 to 349.99	4.50	16	72
23	250 to 299.99	4.00	16	64
24	200 to 249.99	3.50	16	56
25	150 to 199.99	3.00	16	48
26	126 to 149.99	2.50	16	40
27	Under \$126	0		0

Comments

The employee's weekly benefit rate and maximum benefits in a benefit year are readily determined by the employee, or any other person, who knows just one fact—his total wages in the calendar year. The simple table

¹ Schedule A.

(Schedule A), in contrast with the present complex calculations and definitions, will be helpful to workers, employers, and administrators.

The table is designed to result in approximately the same total disbursements for total unemployment as the present Law, although the benefits to individuals will necessarily be different—some lower and some higher. The table avoids the use of "highest weeks," which has operated to disqualify entirely some employees whose earnings have fluctuated widely. The present "highest-weeks" provision also tends to exhaust quickly the benefit rights of the irregular worker who is most apt to need the maximum duration of benefits.

The following points may be noted about the construction of Schedule A:

1. Provision is made for weekly benefits in multiples of fifty cents. While larger intervals would lessen the number of classes, it is felt that there would be reaction against too great a spread being caused by the difference of one cent in earnings at the critical points. The present table has only twenty-six classes, compared with the 801 classes or individual calculations under the present Law. Therefore, all benefit disbursements can be made by the use of only twenty-six denominations of checks, which can be pre-printed, as to denominations, in large quantities.
2. The weekly benefit amounts in Column C are so calculated as a percentage of the annual wage that they well approximate the benefits payable under the present Law, except in those cases where abnormal earnings in a few weeks produce a benefit rate that is unreasonably high. The benefit amounts in Column C are progressively higher (in relation to annual wages) in the lower-income brackets. This liberality seems socially desirable, and its introduction offers further illustration of the advantages of a table in contrast to the complicated wording otherwise necessary to furnish the same results.
3. It will be noted that Column C makes effective automatically the provisions of Section 509, which now places upon the Commissioner the responsibility of determining for each part-time worker (who will normally have low earnings) a minimum benefit rate in lieu of the general seven-dollar minimum. There are relatively few employees in the State actually working what is generally regarded as a full-time schedule who will not be eligible for more than \$7.00, according to the recommended table. Certainly, in most cases when annual earnings are only \$126 or slightly more, the individual has not been the sole supporter of a family or even of himself. Such earnings indicate that the individual was merely a supplemental wage earner in a family group or was chiefly supported during the base year by some form of public assistance.
4. Columns D and E represent a further phase in simplification for the benefit of the employee and the administration. The maximum amount of benefits is uniformly set at exactly sixteen times the weekly benefit amount, thereby eliminating the formula that produces a varying number of benefit checks according to the amount of wages earned. Even the final check will be for the same amount as all others, avoiding the odd amount less than the previous checks that has caused so much misunderstanding. Further, a uniform number of checks in the lower brackets permits a higher maximum amount for those individuals whose benefit checks are lower than under the present set-up, in which the minimum benefit amount of \$7.00 (sometimes more than the highest week's wage) is paid, but only for a limited number of weeks. The actual withdrawals from the Fund (in relation to the total) will not be changed much from the present and it seems that small additional withdrawals will be more than offset by resulting economies in administration.

Amendments

Section 502, Subd. 11. Definition of partial unemployment. Insert a new definition to read:

Partial unemployment. An employee shall be deemed partially unemployed if, solely due to lack of suitable available work, his remuneration for a quarter, including remuneration for employment not subject to this act, is less than the amount appearing in Column 1 of Table B² in Section 505-1(b) on the line on which in Column A there is indicated the employee's wage class.

Section 505, subd. 1. Amount and Duration of Benefits. Insert a new paragraph to read:

- (b) An employee who has been partially unemployed in any quarter may, upon application filed within three months after the close of the quarter, be paid benefits for such partial unemployment. Such benefits shall be paid without regard to the requirements of Section 504 (1) and in a lump sum or over a period of not more than five weeks in accordance with regulations issued by the commissioner in an amount for the quarter in accordance with his wage class and the actual amount of his remuneration for the quarter as shown in the table in this paragraph less benefits paid or payable for total unemployment in the quarter;

(Schedule B appears on following page.)

Comments

Schedule B is designed to give the employee who does only a little bit of work in the quarter slightly more income than he would have received if totally unemployed, in which case he would have had three-weeks waiting period plus ten weeks of benefits. As his wages go up, including non-covered employment, his benefits go down, but less rapidly, so that his total income goes up about one third as rapidly as his actual earnings increase. Thus in Class 1, a person totally unemployed would receive \$150; if wages are \$100, according to Schedule B, benefits would be six times \$15 or \$90, yielding a total income of \$190; if wages are \$200, benefits would be two times \$15 or \$30; total income \$230. There is thus a continuing incentive to earn as much wage as possible, by accepting odd jobs or irregular employment whenever available. Such earnings increase his total income for the quarter, and conserve his right to benefits for later times of need.

Quarterly benefits for partial unemployment are all expressed as multiples of the employee's weekly benefit rate. Thus, all employees are eligible for sixteen payments at their class rate; these may all be for total unemployment, or one or more payments may be made at the end of a quarter because of partial unemployment, e.g., if for the first quarter of the benefit year an employee receives a payment for partial unemployment equal to eight weekly benefits, later in the year he may receive the remaining eight payments, either for separate weeks of total unemployment or in two or three payments, quarterly, for partial unemployment.

The amount of benefits paid for total unemployment during a quarter to an individual who qualifies as partially unemployed is deducted from his payment at the end of the quarter. In this way the total amount of income received by the individual for the quarter will be the same whether his wage loss qualifies him for some total unemployment benefits during the quarter or is so distributed that his entire benefit comes at the end of the quarter.

The employee should be paid the amount indicated in the form of several checks, each for the amount of his weekly benefit rate. These can each be readily cashed, whereas one check for \$150 would be difficult, and involve risk of loss. Also, this permits the payment of benefits for partial unemployment by the twenty-six standard denominations of checks.

² Schedule B.

SCHEDULE B

Wage class (Column A)	Wages in base year (Column B)	Benefit for one week of total unem- ployment (Col. C)	If an employee's remuneration in any calendar quarter is less than the amount shown below in Column 1 he is partially unemployed. The lowest amount in the schedule which exceeds his actual remuneration for the quarter indicates (by the column heading) the total number of weekly checks he is entitled to receive for the quarter. The number of benefit checks paid or payable to such employee for total unemployment during the quarter will be deducted from the number indicated by the column headings.									
			1	2	3	4	5	6	7	8	9	10
1	\$1,350 or over	\$15.00	\$225.00	\$202.50	\$180.00	\$157.50	\$135.00	\$112.50	\$90.00	\$67.50	\$45.00	\$22.50
2	1,300 to 1,349.99	14.50	217.50	195.75	174.00	152.25	130.25	108.75	87.00	65.25	43.50	21.75
3	1,250 to 1,299.99	14.00	210.00	189.00	168.00	147.00	126.00	105.00	84.00	63.00	42.00	21.00
4	1,200 to 1,249.99	13.50	202.50	182.25	162.00	141.75	121.50	101.25	81.00	60.75	40.50	20.25
5	1,150 to 1,199.99	13.00	195.00	175.50	156.00	136.50	117.00	97.50	78.00	58.50	39.00	19.50
6	1,100 to 1,149.99	12.50	187.50	168.75	150.00	131.25	112.50	93.75	75.00	56.25	37.50	18.75
7	1,050 to 1,099.99	12.00	180.00	162.00	144.00	126.00	108.00	90.00	72.00	54.00	36.00	18.00
8	1,000 to 1,049.99	11.50	172.50	155.25	138.00	120.75	103.50	86.25	69.00	51.75	34.50	17.25
9	950 to 999.99	11.00	165.00	148.50	132.00	115.50	99.00	82.50	66.00	49.50	33.00	16.50
10	900 to 949.99	10.50	157.50	141.75	126.00	110.25	94.50	78.75	63.00	47.25	31.50	15.75
11	850 to 899.99	10.00	150.00	135.00	120.00	105.00	90.00	75.00	60.00	45.00	30.00	15.00
12	800 to 849.99	9.50	142.50	128.25	114.00	99.75	85.50	71.25	57.00	42.75	28.50	14.25
13	750 to 799.99	9.00	135.00	121.50	108.00	94.50	81.00	67.50	54.00	40.50	27.00	13.50
14	700 to 749.99	8.50	127.50	114.75	102.00	89.25	76.50	63.75	51.00	38.25	25.50	12.75
15	650 to 699.99	8.00	120.00	108.00	96.00	84.00	72.00	60.00	48.00	36.00	24.00	12.00
16	600 to 649.99	7.50	112.50	101.25	90.00	78.75	67.50	56.25	45.00	33.75	22.50	11.25
17	550 to 599.99	7.00	105.00	94.50	84.00	73.50	63.00	52.50	42.00	31.50	21.00	10.50
18	500 to 549.99	6.50	97.50	87.75	78.00	68.25	58.50	48.75	39.00	29.25	19.50	9.75
19	450 to 499.99	6.00	90.00	81.00	72.00	63.00	54.00	45.00	36.00	27.00	18.00	9.00
20	400 to 449.99	5.50	82.50	74.25	66.00	57.75	49.50	41.25	33.00	24.75	16.50	8.25
21	350 to 399.99	5.00	75.00	67.50	60.00	52.50	45.00	37.50	30.00	22.50	15.00	7.50
22	300 to 349.99	4.50	67.50	60.75	54.00	47.25	40.50	33.75	27.00	20.25	13.50	6.75
23	250 to 299.99	4.00	60.00	54.00	48.00	42.00	36.00	30.00	24.00	18.00	12.00	6.00
24	200 to 249.99	3.50	52.50	47.25	42.00	36.75	31.50	26.25	21.00	15.75	10.50	5.25
25	150 to 199.99	3.00	42.00	39.00	36.00	31.50	27.00	22.50	18.00	13.50	9.00	4.50
26	126 to 149.99	2.50	29.00	26.50	24.00	21.50	19.00	16.50	14.00	11.25	7.50	3.75
	Under \$126	0										

The payment of benefits for partial unemployment is highly equitable, but weekly payment of varying amounts provided by some State laws introduces many administrative problems. In the opinion of some State agencies, these problems may be great enough to wreck the entire benefit procedure. The proposed amendments were drafted to secure for the employees the protection of benefits in case partial unemployment is severe, but in a form that minimizes the administrative detail. Simplicity has been sought, even at the price of permitting a few possible circumstances in which the proposed payments will be slightly more or less than might be regarded as strictly equitable or logical.

Amendments

Section 505 (1). Amount and duration of benefits. Insert a new paragraph to read:

- (c) The total benefits payable to an employee for total and for partial unemployment shall not exceed, in an employee's benefit year, the amount indicated in Column E of Table A³ in paragraph (a) of this section, on the line for his wage class.

American Federation of Labor—Excerpts from a memorandum of the American Federation of Labor, entitled "Comments on Proposed Amendments to New York Unemployment Insurance Law (Cliffe Plan), February, 1939."

The plan developed by Frank B. Cliffe of the General Electric Company and presented as proposed amendments to New York's Unemployment Insurance Law is being used as the basis of amendments offered in other States. The particular benefit schedules may be different and the name of the employers' group presenting them will vary from State to State but the basic features are the same. For that reason an analysis of the plan as proposed in New York will serve to put workers on their guard against some provisions which are opposed to their interests.

Eligibility Requirement

The use of a flat minimum annual earnings of \$126 is an unsatisfactory, though simple, test for eligibility. The purpose of an eligibility requirement is to exclude from benefit rights persons who worked so casually that they were not really in the labor market, since the purpose of unemployment compensation is to protect the income of workers who are normally employed but are temporarily unemployed. Under this formula the man who receives a large weekly wage has a great advantage over the one whose wage is small. Thus, in terms of the time which it would take to earn the right to benefits, the man who was paid \$11.00 a week would need eleven and one-half weeks of work; at \$15.00, eight and one-third weeks; at \$25.00, slightly over five weeks; and at \$50.00, two and one-half weeks. A requirement of a uniform number of weeks of work (as twenty) would have more meaning than a minimum flat earnings test. Or a substantial earnings requirement (as thirty times the benefit rate) should be used rather than a small flat amount. The alternate benefit table more recently proposed by Mr. Cliffe sets eligibility at flat earnings of \$200.00. While this would eliminate the most casual workers, the basic criticism that it allows workers of higher weekly wage rates to qualify in very short periods of time remains. No single minimum amount can avoid such a difficulty.

Weekly Benefit Rate

The proposed benefit schedule bases weekly benefit rates upon annual rather than weekly wages, a device which makes the worker suffer for previous unemployment by a reduction in his benefit rate. The benefit pay-

³ Schedule A.

ment may bear little relationship either to a worker's expected standard of living or to his needs. A man whose weekly wage was \$20.00 and who worked thirty weeks in the base year at that rate would be entitled to only \$7.50 for weekly benefits instead of the \$10.00 (50 per cent of his weekly wage) to which he is now entitled. Yet thirty weeks is a considerable period of employment, much beyond the number usually suggested for eligibility to benefits in any system which sets weeks of employment as the test, and in this case means earnings of twice the amount which would be required to qualify him for a \$10.00 benefit under the formula now suggested by the Social Security Board, thirty times the benefit amount. The Draft Amendments to benefit formulas prepared by the Social Security Board are prefaced with the statement, "It is believed that the 'weekly benefit amount' is the factor most important to the individual worker and that all other factors should in principle revolve around it." Under the Cliffe formula the worker earning \$30.00 a week would have to work for over forty-three weeks in the base year to be entitled to benefits of 50 per cent of his weekly wage. This is an excessive requirement.

The earlier Cliffe plan proposed a flat maximum duration of sixteen weeks. This means, as compared with the present provisions that more persons would be entitled to benefits for sixteen weeks and the total possible benefits are greater. However, unless the average duration of unemployment is more than thirteen weeks the lower weekly benefits under the Cliffe plan will mean a lower total disbursement for benefits than at present. Many persons who are now entitled to 50 per cent of their weekly wages and who find new jobs before the expiration of their present benefit rights would receive considerably less under the Cliffe formula. Application of the Cliffe formula to date furnished by the Maryland Unemployment Compensation Board showed that it would result in substantial decreases in weekly benefits from present amounts.

The new table of benefits proposed by Mr. Cliffe, December 28, 1938, abandons even the flat duration of sixteen weeks. In order to avoid the absurdly low benefit rates proposed in his earlier table he raised the minimum rate to \$7.00 (in accordance with the present New York Law) but reduced the duration of benefits to seven weeks for those whose annual earnings were \$200.00-\$299.99, ten weeks for \$300.00-\$399.99 and thirteen weeks for \$400.00-\$ 91.99. The man whose wage rate is low is as likely as the higher paid worker to need a longer period of benefits if he is to have reasonable security of income throughout periods of temporary unemployment. If unemployment compensation is to serve a purpose distinct from relief, it should provide adequately for those periods of temporary unemployment reasonably expected during the year. The administrative costs of paying many small benefit checks which need to be supplemented by relief or of paying for periods too short to care for the usual period of temporary unemployment so that the worker will probably need to be transferred to relief for a short additional period are higher than can be justified in relation to the amount of benefits paid. An adequate eligibility requirement should exclude casual workers from benefits, and those covered should receive benefits reasonably related to their normal weekly wages for a fair maximum flat duration. The revised Cliffe schedule not only would give many workers less than 50 per cent of their present wages but it has lost the simplicity and the appeal of the flat duration of sixteen weeks. This further cuts the total amount of benefits payable under the proposed plan.

A flat duration is, of course, desirable, both for administrative simplicity and to give all the covered workers compensation for a reasonable period of time in which they can probably be reemployed. The New York Fund can afford liberalization of benefits in this direction without cutting the week's benefit. Many States, including New York, can immediately establish a flat duration of sixteen weeks. Others may be able to afford more or less, which can be determined by study, but all can go to some flat period without sacrificing the worker's vital interest in benefits of a reasonable amount, not less than 50 per cent of his usual wage.

There is an obvious advantage in the use of wage classes with a definite benefit rate for each, but this type of schedule can be constructed for weekly wages as well as for annual wages. To reduce the costs of administration the number of classes should be small. To be sure, that will mean that the benefit

rate will not be exactly 50 per cent of the wage for each person in the wage class. Individual differentials are not, however, exact now except for persons earning between \$14.00 and \$30.00. Minimum and maximum rates cause a bunching of benefits at \$7.00 and \$15.00. To strive for exact individual differentiation for amounts within those limits unnecessarily complicates administrative procedures and increases costs. If the wage-benefit schedules are so constructed that the benefit paid to each class is at least 50 per cent of the highest wage in the class, the worker's interest in a fair weekly benefit will be preserved and the simplicity desired for easy understanding and low costs will be achieved. Provision for benefits in multiples of fifty cents is unnecessary refinement. Intervals of \$1.00 or even of \$2.50 for benefits would provide for sufficient individual differentiation to be fair.

With fairly large wage classes, say \$5.00 intervals, the determination of the class in which the normal weekly wage should fall will be easier. The present complex formula of "highest weeks" in New York might be replaced by a simpler one, such as one tenth of earnings in highest quarter, to determine full-time weekly wages in the absence of a fixed rate of pay or wage agreement covering the job.

Partial Unemployment

The Cliffe provision for partial unemployment, depending as it does on the annual wage classifications and calculated on quarterly earnings, is wholly unsatisfactory. An entire quarter must elapse before the fact of partial unemployment can be established. Then, after the period of administrative determination that his pay was low "solely due to lack of suitable available work," a process which will involve peak loads of work for the State unemployment insurance agency at the end of each quarter, the worker will be entitled to an amount which will bring his total earnings plus benefits slightly above the benefits for total unemployment. He will receive this amount regardless of whether he is then fully employed or not. This leaves the worker who is partially unemployed without assistance at the time he needs it and gives it to him later regardless of his current need. It totally ignores the purpose of the compensation and unnecessarily complicates the relationship between unemployment and compensation and relief agencies. The worker has to live in the present and checks received four or five months later do not contribute to his present needs. If he has to get relief to tide him over, there will be two agencies caring for him with unnecessary duplication of records and work. Paying the worker later is not protecting him from the hazard of loss of income through unemployment.

If a small number of benefit classes are established the weekly payment of partial benefits, rounded to the next highest dollar, could be made when the worker's wage falls below his benefit rate because of lack of suitable work. The number of denominations of checks issued would be small; the work of checking eligibility would be spread out, not bunched at the end of a quarter, and would be easier because closer to the date of the alleged work deficiency.

Congress of Industrial Organizations—Excerpts from a memorandum recently prepared by the Congress of Industrial Organizations, "Recommended Bill Amending Unemployment Compensation Laws, 1939."

[The recommended] bill sets forth the text of amendments to the State unemployment compensation laws in accordance with the resolution on unemployment compensation adopted at the CIO convention. Every State now has an unemployment compensation law. These laws were based upon a model draft prepared by the Social Security Board in 1936. However, experience under these State laws has shown that the present laws contain certain defects and are so complicated that they have created a lot of red tape and are beyond the understanding of the workers.

The amendments accordingly increase the amount of benefits payable, eliminate exemptions now contained in the laws, and provide for a system of

unemployment compensation which can be easily administered, and at the same time, understood by the worker. Most of the changes made by the amendments have been approved by the Social Security Board and are similar to the recent recommendations of the Senate Committee on Unemployment.

The amendments make the following changes in the law:

1. Coverage. The present exemptions in the law with respect to the number of employees are eliminated and so are the exemptions of domestic workers and employees of charitable institutions.

2. Simplification. The base period of earnings to determine the eligibility and amount of benefits is the calendar year, and the benefit year during which benefits are to be paid is a uniform twelve-month period beginning each April 1 succeeding the calendar year. The three-month period between the end of the year and the payment of benefits is necessary to collect taxes and reports.

3. Waiting Period. The waiting period in the benefit year is limited to one week of either total or partial unemployment and may be cumulated.

4. Benefit Amounts. The weekly benefit amount is based upon the formula of one twentieth of the earnings in the quarter of the calendar year when the highest earnings were received. A minimum benefit amount of \$7.00 a week is established because a worker who gets unemployment compensation benefits is deprived of WPA and other relief. . . .

5. Partial Benefits. Partial benefits are based upon the same formula as total benefits and are paid whenever a worker is earning less than the amount of benefits which he would receive if he were totally unemployed.

6. Duration of Benefits. The duration of benefits is for a flat maximum period of eighteen weeks. This flat duration period gives a worker a total amount of benefits which he may receive either for partial or total unemployment. . . .

*International Ladies' Garment Workers' Union—Excerpts from
"Memorandum on the Proposals for Amendment of the New York
Unemployment Insurance Law."*

Benefit Rate

The method of determining the benefit rate under the present New York Unemployment Insurance Law is undubitably one of the most complicated features of the Law and one that is hardest to explain to the average person. It is however a very fair method of securing an approximation of the "full-time weekly wage" and from that standpoint unquestionably the best in the country.

The proposals submitted to the Advisory Council attempt to remedy the complexity of the present formula for the determination of the benefit rate; and this they unquestionably succeed in accomplishing, although at a heavy price. For, in their attempt at simplicity, the proponents of the amendments have abandoned the basic principle of American unemployment insurance legislation; the compensation of the risk of unemployment at a rate commensurate to the loss suffered. When a worker suffers a week of total unemployment he does not lose an income equal to the average week's earnings, but an income equal to a full week's earnings. Only on those occasions when a worker actually suffered no unemployment or under-employment in the course of the base year will the average earnings be equal to the full-time earnings. With these exceptions, full-time wages will always exceed the average. This difference is apt to be particularly pronounced in the case of industrial workers whose opportunity for full-time employment is not so great as that of white-collar employees.

The following suggestions are made for the simplification of the New York Unemployment Insurance Law:

The benefit rate must approximate as closely as possible a definite fraction of the full-time weekly wage. It is suggested that one-twentieth of the earn-

ings in the highest quarter of the year will constitute such an approximation. Such a formula would on the average approximate 50 per cent of the full-time weekly wage, although workers who enjoy full-time employment during the quarter of their highest earnings will get 65 per cent of their full-time wage, and workers who suffer a combined unemployment of more than three weeks during that quarter will get less than 50 per cent. (The workers who normally work full-time weeks throughout the year belong primarily to white-collar or professional groups. There is some justification in their receiving a larger percentage of their full-time wages as benefits, because the average duration of their unemployment is greater than that of other groups and far in excess of the maximum number of weeks during which they can draw benefits.) The fact that large numbers of workers, even in their best quarter of the year, suffer a certain amount of under-employment, makes this formula a more realistic one than, for example, the formulae, in use in some States, which fix the benefit rate at one twenty-sixth of the highest quarter's income.

The present maximum and minimum benefit amounts should not be disturbed, at least for the present. Thus, even under the amended Law, no benefits below \$7.00 or above \$15.00 would be payable.

Benefits shall be payable in class intervals of \$1.00 in accordance with the following scale, which may be incorporated in the text of the Law:

EARNINGS IN QUARTER OF HIGHEST EARNINGS IN THE BASE YEAR	WEEKLY BENEFIT AMOUNT	MINIMUM BASE-YEAR EARNINGS NECESSARY TO QUALIFY FOR BENEFITS
\$52.50—\$140.00	\$7.00	\$150
140.01— 160.00	9.00	190
160.01— 180.00	9.00	230
180.01— 200.00	10.00	270
200.01— 220.00	11.00	310
220.01— 240.00	12.00	350
240.01— 260.00	13.00	390
260.01— 280.00	14.00	420
280.01 and over	15.00	450

Benefits for Partial Unemployment

It is the purpose of partial unemployment compensation to round out the system of unemployment insurance and to provide a more equitable basis for the disbursement of benefits. For in the absence of benefits for partial unemployment we run across situations whereby an unemployed worker may draw \$15.00 in weekly benefits, while another worker, who succeeds in earning \$3.00 in partial employment, is deprived of any benefit payments. Of course, under such conditions it would appear that an incentive is given to the worker to refuse partial employment which may deprive him of a larger amount of benefits for total unemployment. It must be emphasized, however, that any approach to the discussion of partial unemployment benefits as an "incentive" measure which would induce unemployed workers to accept "any available work" results in an emphasis essentially false and one that is apt to lead to false conclusions. Far be it, for example, for the administration of an unemployment insurance system to urge an unemployed worker to accept work at substandard wages or on conditions requiring the worker to join a company union or abandon membership in his own organization. Our present statute gives support to this position in its Section 506 which states that no employee shall be disqualified from receiving benefits (for a period of ten weeks)

"by reason of a refusal to accept employment if a. acceptance of such employment would either require the employee to join a company union or would interfere with his joining or retaining membership in any labor organization; or b. there is a strike, lockout, or other industrial controversy in the establishment in which the employment is offered; or c. the employment is at an unreasonable distance from his residence, or travel to and from the place of employment involves expense substantially greater than that required in his former employment unless the expense be provided for; or d. the wages or compen-

sation or hours or conditions offered are substantially less favorable to the employee than those prevailing for similar work in the locality, or are such as tend to depress wages or working conditions."

The proposed plan for handling partial unemployment is unsatisfactory in its method of measuring partial unemployment. It is of paramount importance to preserve the equity of an unemployment insurance system by treating both total and partial unemployment in a similar fashion. Inasmuch as a week is accepted as a measure of total unemployment, the same standard must apply to measuring partial unemployment. The amendment proposed to the Advisory Council fails to do that when it attempts to average earnings in the weeks of total employment with those of partial employment, and thus sets up an entirely different standard for benefit payments. This inequity is best illustrated by an example based on the Schedule B of the proposed amendments. Let us take the case of a worker who earns \$20.00 a week and whose benefit rate, on the basis of base-year earnings, is \$10.00. If that worker had full-time employment in the first seven weeks of the calendar quarter, his earnings would equal \$140.00; following a waiting period of three weeks he would then draw in that quarter \$30.00 in benefits for total unemployment, giving him an income of \$170.00 for the quarter. Of course, if in the course of the preceding part of the benefit year the particular worker has accumulated the maximum waiting time required in any one benefit year, he would receive \$60.00 in benefits, giving him an income for the quarter of \$200.00. If, on the other hand, that worker worked intermittently full-time and part-time throughout the quarter, so as not to have any weeks of total unemployment, and would earn \$140.00 as total wages for the quarter, he would get but one benefit check of \$10.00 bringing his income to \$150.00. This example demonstrates very clearly that the proposed amendment will cause inequality between those who suffer periods of total unemployment as against those who will undergo partial unemployment. It also demonstrates the fallacy of the argument of the proponents of the proposed amendments when they visualize the partial unemployment insurance benefit system as a "special incentive" measure.

It must also be pointed out that what the proponents of the measure are asking of an individual claimant is that he forego his right for an immediate benefit of a fixed amount for a smaller income in the form of wages, and a chance of collecting, under special circumstances (but certainly not in every case) an additional benefit at the end of the calendar quarter. If the theory which forms the basis of this reasoning were correct, claimants, once they begin receiving benefits, would take no steps to secure employment, at least not until their benefit rights would run out. Of course this is not the case. On this point nothing can speak more eloquently than the experience of the Division of Placement and Unemployment Insurance which was voluntarily notified by thousands of claimants to the effect that they had secured work; by numerous cases of reregistration after one or two days of employment; by returned checks, erroneously delivered to claimants who had, in the meantime, secured employment. An average claimant does not need special incentives to induce him to secure a job.

Under the system suggested by the proponents of the amendments submitted to the Advisory Council, a claimant who suffers partial unemployment will be denied benefits if his earnings exceed the amount equal to fifteen times his benefit rate. If we were to assume for the purpose of argument that benefit rate equals 50 per cent of the full-time weekly earnings (in actual practice it will be considerably lower in most cases), it would mean that a worker who averages seven and a half weeks of employment will be denied benefits for partial unemployment. With a view to preserving his chance to a lower tax rate under the so-called "merit" or "experience" rating, all an employer will have to do is to call in his workers once a week, and provide them with one or two hours' work, enough to interrupt their rights to total unemployment benefits; if such an employer is able to supply his workers with full-time work in the course of the seven weeks of the quarter, such workers will not be able to receive partial unemployment benefits. Considering that in many cases the benefit rate will fall considerably below 50 per cent

of full-time wages even less employment will have to be provided by employers to secure tax reductions.

Partial unemployment must be measured similarly to total unemployment in terms of weeks of employment and compensated as such. Thus, if a worker has a week of partial employment which, according to set standards, will make it compensable, that worker should be given benefits for that particular week. The mere fact that in the course of the following week he may have sufficient earnings to take him out of the compensable class has no bearing on the fact that the preceding week was compensable. Averaging peaks and troughs of employment as a measure of the extent of compensable unemployment is a manifestly unfair measure, designed only to restrict payment to claimants and thus provide an argument to those elements who clamor for tax reduction.

If a system of unemployment compensation is to function properly it must provide benefits to claimants as soon after the end of the compensable week as possible. This holds true with regard to benefits for partial unemployment as well as for total unemployment. If the system of partial unemployment benefits is geared to a quarterly interval, it loses, to a considerable extent, its feature of relieving possible distress caused by a shortage of income. Instead, the additional income may be received at a time when the need for it is not so greatly felt. In other words, the system degenerates into a periodic handout of moneys unrelated to the current unemployment status.

Partial unemployment benefits must therefore be calculated on a weekly basis. Their purpose should be to bring the income of workers who have insufficient employment to the level of the benefit rate for total unemployment. If a special incentive is desired to induce claimants to accept part-time employment, the Law could provide that workers partially unemployed should receive the difference between their weekly earnings and their benefit rate plus \$2.00. Such provision already is found in a number of unemployment insurance laws.

To simplify the administration of the partial unemployment benefit program, the following provisions could be introduced:

1. Earnings of workers for the purpose of the partial benefits shall be construed in terms of the lowest round dollar figure.

2. The evidence of earnings below the benefit rate could be offered by the partially unemployed workers in the form of a statement of earnings which all employers could be required to give their workers every pay period. It already is required that such statements be given workers when deductions are made from their pay under the Social Security Act (Treasury Regulations 91, Article 206). The incorporation of a similar provision in the New York Law would strengthen the Federal provisions by prescribing the form for such statements.

3. Payments of partial benefits may be made when their accrued amounts equal or exceed the benefit rate to which the claimant is entitled for total unemployment. In no event, however, may such payments be made less frequently than once every four weeks. This period should only be used if the combined amount is less than that of a benefit for total unemployment.

4. Applications for partial benefits may be made after the lapse of the compensable week and within four weeks thereafter.

5. The maximum amount any worker may draw in the course of a benefit year is the total amount to which he would be entitled as compensation for total unemployment; provided, however, that the receipt of benefits for partial unemployment in the amounts smaller than the benefits for total unemployment should not jeopardize the worker's right to receive more than sixteen benefit payments for total or partial unemployment.

6. For the purpose of waiting period, one week of partial unemployment shall equal a week of total unemployment.

*Consumers League of New York—Letter of January 27, 1939 to
the Division of Placement and Unemployment Insurance.*

The Consumers League of New York has made no special study of the problem of partial unemployment insurance in New York, and is, therefore, not in a position to make explicit recommendations in the way of legislation. We do, however, believe that several general principles should be given consideration in the discussion of the partial benefit problem.

1. Partial unemployment benefits should be paid as soon as possible. The worker who loses income because he can secure only two or three days of work a week is as much in need of protection as his fellow who loses the same total number of days but whose unemployment happens to take the form of complete loss of work for six or more continuous days. The failure to provide for benefits during partial unemployment results in a definite loss to the State's workers of sums of money to which they are virtually, if not at the moment legally, entitled. Partially unemployed workers in this State may well raise the question why benefits are paid to partially unemployed workers in less wealthy States while in New York they are denied.

2. We recognize that at the present time the attempt to pay partial benefits would only add to the already considerable difficulties experienced by the administration. But this fact serves only to emphasize the desirability of a careful study of the benefits payment procedure at present in operation with a view to revision, which would make possible not merely the operation of a partial benefit system, but also more speedy and effective payment for benefits for that unemployment. Specifically, we believe that the relationship between the Bureau of Insurance Control and the local employment offices should be reexamined with a view toward reducing the excessive burden of claims processing now handled by the former, and enabling the latter to take care of the individual claim to a greater extent than at present. Our study of the operation of foreign systems and what we have been able to learn of the experience of the partial benefit paying States in 1938, inclines us to believe that a greater measure of decentralization is vital if partial, or for that matter, total unemployment benefits are to be processed promptly and efficiently.

3. The provisions for rate of compensation and definition of partial unemployment should be those recommended by the Social Security Board, unless adoption of the British method of paying for days of total unemployment becomes feasible or necessary. That is, partial unemployment should be compensated in proportion to the full-time weekly wage. The attempt to graft a system of partial unemployment benefits on to a system based on annual or quarterly earnings is likely, in our view, to lead either to laborious and uneconomic administrative procedures, or to the payment of partial benefits long after the date when they can be of maximum use to the worker.

4. Careful study should be made of the experience shortly to be gained under the Railroad Unemployment Insurance Act which compensates to the worker for days of unemployment. The concept of the compensable day as an alternative to the compensable week should receive greater attention than hitherto. Its possibilities as an avenue of escape from the present intricate partial and total unemployment benefit provisions should be seriously explored.

5. The necessity for partial unemployment benefits should not be made an argument for an employee contribution. It would be difficult to explain to the New York worker why many other States found it possible to pay such benefits during 1938 on the basis of an employer contribution alone. There is, undoubtedly, a case to be made for workers' contribution but it rests upon considerations wider and more fundamental than the payment or non-payment of partial unemployment benefits.

d. EXPERIENCE UNDER STATE LAWS—EXCERPTS FROM LETTERS TO THE
NEW YORK STATE DIVISION OF PLACEMENT AND UNEMPLOYMENT
INSURANCE

States Paying Partial Unemployment Insurance Benefits

Alabama—Since we have paid benefits for partial unemployment from the very beginning, we have more or less accepted the matter without serious question.¹

Georgia—We shall attempt to process partial unemployment claims with as little deviation from the handling of total unemployment claims as possible.²

Indiana—We have been very much surprised and pleased that the difficulties in obtaining information necessary to pay partial benefits have not been as great as we originally contemplated.³

Iowa—The only essential difference between the processing of claims for total and partial unemployment lies in the fact that in the latter case the local offices receive the claimant's current wage record direct from the employer. The processing in the central office is the same for both types of claims.⁴

Louisiana—There is no marked difference in the handling of partial or total benefits, although statistics are collected as to the number of each type of claim received and processed. It is the opinion of the department's administrative offices that the present benefit procedure is functioning smoothly and satisfactorily.⁵

Minnesota—During the first year of benefit payment experience, Minnesota handled all claims as claims for total benefits, utilizing the partial formula for the determination of payable weekly amounts when a week of other than total unemployment was involved. In other words, a claimant who, in a week of other than total unemployment earned less than six fifths of his weekly benefit amount for total unemployment, received reduced total benefits for the week involved. Due to the special administrative problems involved in the handling of claims for partial benefits, it was deemed desirable by this State to perfect during the first year of our benefits payment experience the basic procedures for the handling of claims for total bene-

¹ M. H. Harper, Chairman, Alabama Unemployment Compensation Commission, January 1, 1939.

² L. P. James, Executive Director, Georgia Bureau of Unemployment Compensation, December 29, 1938.

³ Clarence A. Jackson, Director, Indiana Compensation Division, December 28, 1938.

⁴ Homer J. Freeman, Chief, Research and Statistics, Iowa Unemployment Compensation Commission, December 29, 1938.

⁵ R. W. Bradbury, Director, Bureau of Research and Statistics, Louisiana Department of Labor, January 6, 1939.

States Paying Partial Unemployment Insurance Benefit—Continued
Minnesota—continued

fits with the result that claims for partial benefits, whether involving bona fide partial unemployment, odd-job earnings, part-time unemployment, or irregular unemployment, were assimilated to the procedures for the handling of payments for total benefits.⁶

South Carolina—In the main our partial benefit procedure has worked smoothly. We require the local employment office to be the point of exchange of information between the employer and this office, and thus the local employment office is informed of the entire claim situation in its vicinity.⁷

States Not Paying Partial Unemployment Insurance Benefits

Massachusetts—This Commission has adopted a policy of perfecting methods of total unemployment benefits before a definite program of partial benefits is adopted.⁸

Mississippi—Inasmuch as we do not have a legislative session until 1940, we have taken no steps with regard to this study (partial unemployment).⁹

Montana—The Montana Unemployment Compensation Law makes no provision for partial unemployment benefits and we are not recommending that a change be made to include such benefits.¹⁰

Nebraska—Due to administrative difficulties in connection with paying partial benefits, it is considered advisable to defer any action along this line until more experience has been gained in paying (total unemployment) benefits.¹¹

New Jersey—Our Commission has not as yet initiated any study of this question. We feel that the problems we have to deal with now, and those that will come with the payment of (total) benefits, take precedence, and that paying partial benefits may well rest until we have acquired a background of (total) benefit payment experience.¹²

⁶ Emery C. Nelson, Director, Minnesota Division of Unemployment Compensation, January 21, 1939.

⁷ R. B. Waters, Administrator, South Carolina Unemployment Compensation Commission, January 17, 1939.

⁸ Lawrence P. Harrington, Executive Secretary of the Unemployment Compensation Commission of Massachusetts, December 30, 1938.

Note: The Massachusetts Unemployment Compensation Law, while not providing for payment of partial unemployment benefits, allows for two weeks of partial unemployment to count as one week of total unemployment for waiting period purposes.

⁹ Leon L. Wheelless, Executive Director, Mississippi Unemployment Compensation Commission, January 3, 1939.

¹⁰ Barclay Craighead, Chairman, Unemployment Compensation Commission of Montana, December 28, 1938.

¹¹ R. T. Malone, Director of Nebraska Unemployment Compensation Division, December 27, 1938.

¹² Harold G. Hoffman, Director of the New Jersey Unemployment Compensation Commission, December 30, 1938.

4. FOREIGN EXPERIENCE

This Section gives a brief account of the experience of Belgium, France, Germany, and Switzerland insofar as it bears on the problem of partial unemployment.

a. BELGIUM

The Belgian system of voluntary unemployment insurance, which had its origin in the trade unions, has remained in many respects predominantly a trade-union institution. Prior to the postwar period there was the widest diversity of plan, structure, and procedure, each union determining for itself (subject to certain limitations imposed by communes subsidizing insurance) the system that seemed best suited to the peculiar conditions of its occupation and locality. It is almost impossible, therefore, so far as the early years of its operation are concerned, to discuss Belgian policy with respect to partial unemployment benefits or other provisions.

The present system of unemployment insurance dates from the passage of the law of December 30, 1920, which gave official recognition to methods of compensating unemployment that had been in use for many years. The old practice of subsidizing insurance societies established by trade unions, employers, and communes was continued. As large-scale unemployment after the war, however, compelled the government to assume an increasing share of insurance costs through an elaborate system of subsidies and emergency benefits, the national government gradually introduced greater uniformity and centralization. The trend toward standardization was especially marked after the depression of 1930-1933. The pronounced shift from local autonomy toward federal control altered the entire character of the system. Many restrictions were placed on the exercise of discretion by the societies, and certain inequalities in protection were wiped out.

A Royal Order of July 27, 1934 abolished the innumerable communal funds (each of which had been to some degree a law unto itself) and substituted for them a series of employment and unemployment offices directly responsible to the Minister of Labor and Social Welfare. At least one such office—but not more than three—was established in each province.

Administration and supervision were still further centralized by the Royal Order of July 27, 1935, amended on July 31 and August 23 of the same year. The primary reform of this Order was the creation of the National Employment and Unemployment Office which took over all the functions formerly performed by the Ministry of Labor and Social Welfare and the National Emergency Fund. The latter agency was abolished when the new office came into existence on September 1, 1935.

It now appears fairly certain that the voluntary plan will soon be replaced by a compulsory system of unemployment insurance. A preliminary report prepared by the Royal Commissioner for Unemployment, Henri Fuss, appointed in 1936 to draw up a program of reforms necessary to transform the optional system into a compul-

sory one, has already been submitted. This has been extensively discussed by trade unions and employer organizations and its enactment into law seems to be imminent.

Before 1920

Only involuntary unemployment was ordinarily covered by the various insurance societies. Partial unemployment was included by some organizations, if not by all, from the very beginning. Short-time benefits—as benefits for partial unemployment are called in Belgium—originated in the textile industry and spread in Ghent to other trades such as metals and printing.¹

The cost of partial unemployment benefits in the early days raised financial problems in some societies. Following the depression of 1908–1909, which made necessary greater emphasis upon curtailment and control of benefits, one of the modifications of union rules related to subsidy of benefits for short-time unemployment.² These were particularly common among unions in the textile and printing industries. Despite opposition from certain trade unions, a waiting period of one full day a week as a condition of communal grants for all unemployment (except in the printing industry) was enforced after 1905. Two years later, the period was extended to two full days or four half days a week for short-time unemployment.

Expenditures on partial unemployment continued to be a drain on the finances of the societies. At the Conference on Unemployment held in Paris in 1910, where this question was discussed, it was reported that despite the efforts of the communal fund of Ghent to limit short-time benefit, the unions nevertheless tended to pay compensation for short-time unemployment as a protection to skilled workers who were particularly affected.³

As already noted, there was nothing approaching uniformity of policy prior to the 1920's, but benefits were generally paid under different rules for total and short-time unemployment. Compensation could be received for less than one day's unemployment in some unions; hours of unemployment might be cumulated into half days and days.⁴ Curiously, the benefit rates for full-time were lower than for short-time unemployment.⁵

Although most plans provided flat benefit rates, some unions in the metal, printing, and textile trades at Ghent offered a choice between two rates of contribution and compensation.⁶ Duration varied with the financial resources of the fund.

The payment of partial unemployment benefits has had a long tradition in Belgium, a circumstance which may perhaps be ascribed, in part, to the development of the trade unions, usually responsible to the needs of their members. Activity in the field of

¹ Kiehel, Constance A., *Unemployment Insurance in Belgium* (1932), p. 109.

² *Ibid.*, pp. 99–31.

³ *Ibid.*, p. 109.

⁴ *Ibid.*, p. 109.

⁵ *Ibid.*, p. 118.

⁶ *Ibid.*, p. 118.

unemployment insurance is one aspect of the broad social philosophy of the Belgian trade-union movement.

Post-war Period

Despite the voluntary nature of the Belgian unemployment insurance system, a considerable degree of conformity is achieved indirectly, because national subsidies are granted only on condition that member organizations comply with certain prescribed standards. Inasmuch as subsidies of the government exceed many times the outlay of the societies, few organizations can afford not to conform to governmental requirements.⁷

The legal framework for the present operation of the unemployment insurance societies has been created by a series of Royal Orders issued since 1920. These Orders must be understood as being minimum standards prescribed for member organizations which desire a national subsidy. Variation within specified limits has always been permissible.

Under the Royal Order of February 18, 1924, which clarified terms, definitions, and provisions, only payments for involuntary unemployment were subsidized. Both total and short-time unemployment were covered.⁸ The Order prescribed waiting periods of different lengths for total and partial unemployment, but there was no difference in the rate of compensation for the two types.

The length of waiting period for each kind of unemployment was changed several times after 1924. But separate regulations for short-time unemployment were found too difficult to enforce, so that finally, in the Royal Order of October 25, 1930, the waiting period for total unemployment was also made applicable to partial unemployment (except for the mining industry). Since 1930 there appears to be no differentiation with respect either to rate of compensation or length of waiting period. Both types of benefit have been integrated into a single system of compensation.

The length of waiting period for partial unemployment benefits was fixed in 1924 at two days a week, four days a fortnight, or six days during three weeks; this was considerably more stringent than the requirement of two days not more than once a month for total unemployment. Toward the latter part of the same year the waiting period was shortened by decree; and, during every year thereafter in which amendments were made, it was liberalized to conform more closely to the shorter period prescribed for total unemployment benefits, until the Royal Order of 1930 equalized it for both to one day a month, the month to begin on the first Monday and to end on the Saturday preceding the first Monday of the following month.

But the tremendous increase in expenditures during the depression which began in 1930 caused administrators to seek some way

⁷ In 1935 workers' contributions equalled less than 10 per cent of total insurance expenditures. Belgium, Commissaire Royal pour l'Etude du Problème du Chômage, *Premier Rapport de M. Henri Fuss* (Brussels, 1937), p. 160.

⁸ Short-time is distinguished from total unemployment by the fact that the worker on short-time is still technically a member of the working force—Kiehel, *op. cit.*, p. 174, footnote.

of reducing costs. An Order of May 31, 1933 increased the waiting period for total and partial unemployment by declaring that no benefit should be paid for the first three days of unemployment during a statutory year. This was in addition to the waiting period required by the various funds, which could not in any case be less than one day a month. An Order of January 29, 1935 increased the monthly minimum waiting period from one to two days; and it was further stipulated that holidays could not be counted in the waiting period.

Tremendous dissatisfaction on the part of the unemployed caused liberalization of the monthly waiting period. First, in the Order of May 29, 1935, the waiting period of two days per month was declared inapplicable to totally unemployed who remained unemployed a full month; and in the Order of July 4, 1936, the two-day period was abolished altogether, leaving it to each fund to furnish regulations in this regard.

The waiting period was gradually discarded chiefly because of its unpopularity. The Royal Commissioner for Unemployment, Henri Fuss, expressed the opinion in his Report⁹ that it was the renewal of the waiting period each month which caused its unpopularity, inasmuch as such a provision caused unreasonable hardship and had no justification in the logic of the situation. The complete abolition of the waiting period, he believed, was merely the extreme reaction against a bad law.

Post-statutory Benefits

In order to understand the complicated procedure of compensation for partial unemployment in Belgium, it is necessary at this point to describe briefly some characteristics of the system.

In addition to the legal maximum of sixty days of benefit per year—known as statutory benefits—to which each insured member is entitled as a matter of right, regardless of need, there are two types of post-statutory benefit, financed almost completely out of public funds and granted only if the insured is in need. It might be stated, however, that since most workers generally meet the "needs" test, these benefits are regarded as an integral part of the insurance system.

An insured person may not draw his sixty days of statutory benefit continuously but for only thirty days in each six-month period beginning in May and November. If he is in need he is granted an additional thirty days of post-statutory benefit, also divided between two half-year periods, fifteen days of benefit being allowed in each six-month period.

The second type of post-statutory benefit is granted when an entire industry is declared to be in a state of depression. Under such circumstances, if the worker has exhausted his rights to benefit and is, moreover, in a state of need, he may be granted further benefits financed out of public funds, up to a maximum of 125 days.

⁹ Belgium. Commissaire Royal pour l'Etude du Problème du Chômage, *Premier Rapport* (Brussels 1937).

The waiting period for post-statutory benefit differs from that for statutory ones. Originally the maximum period was one day a week. After one week's continuous unemployment the waiting period was dispensed with entirely. But for partial unemployment the requirement of one day a week was continued. Confusion as to how to count Sundays and holidays led to a definition of working day which excluded Sundays and the principal legal and religious holidays. The waiting period, as redefined by a fixed formula on February 16, 1928, is still in existence.¹⁰ It provided as follows:

- 6 days of unemployment give a right to 6 grants
- 5 days of unemployment give a right to 5 grants
- 4 days of unemployment give a right to 4 grants
- 3 days of unemployment give a right to 2 grants
- 2 days of unemployment give a right to 1 grant
- 1 day of unemployment gives a right to 0 grant

For longer periods of post-statutory unemployment—whether it be total or partial—an Order of July 4, 1936 required that workers who are unemployed for four or more days a week must serve a waiting period of one day per month. This one-day period does not apply in any month in which a worker has already lost one day's benefit due to a public holiday or to a waiting period prescribed by the unemployment fund of which he is a member.

For shorter periods of post-statutory unemployment of three and two days per week there is in practice a one-day waiting period by virtue of the provision that only two days and one day of benefit be granted for such periods of unemployment. Of course, no benefit is granted for one day of unemployment.

Partial Unemployment Benefits

It may be helpful to see concretely how benefit grants were calculated for a partially unemployed member in 1934. The only difference in 1937 was that most unions abolished the one-day monthly waiting period for statutory benefit. The following illustration is given by Goldschmidt and Velter:¹¹

“According to the present regulations and interpretive circulars, with regard to partial unemployment, unemployment funds are authorized to total, either by the month, in the case of statutory benefit, or by the week, in the case of support by the Fonds de Crise¹² . . . the days and half days of unemployment.

“These half days are added together to form whole days; but half-day benefits may also be granted.

“When the English week is in effect, unemployment occurring on Saturday morning may be compensated as a

¹⁰ Kiehel, *op. cit.* pp. 198-199.

¹¹ *L'Evolution du Régime Belge du Soutien des Chômeurs*. Comité Central Industriel de Belgique (Brussels, September 1934), 429 p.

¹² Refers to post-statutory benefits. The Fonds de Crise is now the Fonds de Chômage National.

full day, if it is accompanied by another day of unemployment during the week.

"It is known, although it is no longer specifically so stated in the Royal Orders, that the method of compensation used by the Fonds National de Crise is not at all the same as the method used for statutory payment. In the statutory period, apart from the initial waiting period of three days at the beginning of each insurance year, all days of unemployment are compensated except one per month. In the subsequent periods, i.e., the thirty days and the prolonged period, there is one day of non-benefit per week for all the unemployed of three days and less.

"It must also be remembered that hereafter the statutory period will be divided into two equal semesters,¹³ and that it is prohibited to anticipate statutory benefit due in the following semester or to recover during a current semester the balance remaining from the preceding one.

"In the light of the above, let us take the case of an insured person who will be regularly unemployed two days a week, the beginning of unemployment coinciding with the beginning of his statutory rights in November or May.

"During the first month, covering five weeks hypothetically, the individual will be unemployed for ten days and will be entitled, after making deductions for the waiting period (three initial days and one day per month thereafter) to six statutory benefit grants, supplemented, as the case warrants it, by family allowance from the Fonds National de Crise and by supplementary amounts.

"During the second and third months, each of which contain only four weeks, he will be unemployed eight days in each and will be entitled to seven grants, or a total of twenty benefit grants at the end of three months for twenty-six days of unemployment.

"Let us suppose that at the end of the three months the weeks fall again in the same pattern; during the fourth month, the individual will suffer ten days of unemployment and will receive nine grants, since the initial waiting period of three days is no longer imposed. There remains then a single day of unemployment for which he can draw benefit during the first week of the fifth month.

"At this point, the second period will intervene, of thirty daily benefit grants, paid via the Fonds National de Crise, and divided equally into two periods of fifteen days per semester. These thirty grants are given according to the regulations of the Fonds National de Crise, that is to say, two days of unemployment per week entitle the insured to but one grant.

"As there are still seven weeks before the semester is ended, the individual concerned will receive seven grants

¹³ Six-month periods.

if he is in a state of need for the fourteen days of unemployment.

"In total then during the first semester this individual will have had fifty-two days of unemployment and have received thirty statutory grants plus, if he is in need, seven grants from the Fonds National de Crise, making a total of thirty-seven.

"During the second semester under identical circumstances, the benefit calculations will be made in the same way.

"At the end of the year, this worker will have had 104 days of unemployment and will have received a total of seventy-four benefit grants."¹⁴

Schedules A and B indicate the maximum amount of benefit to which a partially unemployed worker would be entitled under a variety of circumstances, in each of the two semesters. Assuming this hypothetical worker was regularly unemployed one day a week for the twenty-six weeks, he would receive seventeen statutory benefit grants in the first and twenty grants in the second semester or a total of thirty-seven during the year for fifty-two days of unemployment.

If he were regularly unemployed two days a week he would receive during the first nineteen weeks his full thirty statutory grants; when these were exhausted and he proved need, he would be entitled to an additional seven post-statutory grants or a total of thirty-seven grants for fifty-two days of unemployment. Assuming the greatest degree of partial unemployment, i.e., five days per week, the insured would exhaust his statutory benefit in the first seven weeks; he would then receive three weeks of post-statutory benefit and sixteen weeks of prolonged benefit, or a total of 135 grants for 140 days of unemployment in the first half year.

The worker who suffers regular partial unemployment of one day per week throughout the year loses only 9 per cent in full-time yearly wages; if he is regularly unemployed two days a week, he will lose 18 per cent of full-time annual wages; at the rate of three days a week the loss will be 26 per cent; if unemployed four days a week, he will lose less—only 25 per cent; and when unemployed five days a week, the loss will be but 31 per cent of the yearly wages.

The calculation of equivalent full-time days compensated in Schedule B is obtained by multiplying the number of days of benefit to which the insured is entitled (taken from Schedule A) by two thirds. The Belgian law provides a maximum benefit payment of two thirds of normal wages (three fourths where there are three or more children).

The authors believe that benefits for partial unemployment are liberal to the point of being undesirable. They state:

"The administration of partial unemployment constitutes a heavy public burden; it bestows, moreover, a sort

¹⁴ Goldschmidt, Paul, and Velter, Georges, pp. 58-69.

SCHEDULE A. DURATION OF BENEFIT FOR PARTIAL UNEMPLOYMENT

TYPE OF COVERAGE	DAYS OF REGULAR WEEKLY UNEMPLOYMENT				
	1	2	3	4	5
	<i>First half year</i>				
Total					
Days unemployed	26	52	78	103	140
Days compensated	17	37	57	97	135
During statutory period					
Duration — weeks in which unemployment occurred	26	19	12	9	7
Days unemployed	26	38	36	36	35
Days compensated	17	30	30	30	30
Post-statutory period					
Duration — weeks in which unemployment occurred	0	7	8	4	3
Days unemployed		14	24	15	15
Days compensated		7	15	15	15
Post-statutory period (prolonged benefits)					
Duration — weeks in which unemployment occurred	0	0	6	13	16
Days unemployed			18	52	90
Days compensated			12	52	90
	<i>Second half year</i>				
Total					
Days unemployed	26	52	78	104	130
Days compensated	20	39	60	101	129
During statutory period					
Duration — weeks in which unemployment occurred	26	17	11	8	6
Days unemployed	26	34	33	32	31
Days compensated	20	30	30	30	30
Post-statutory period					
Duration — weeks in which unemployment occurred	0	9	7	4	3
Days unemployed		18	21	16	15
Days compensated		9	14	15	15
Post-statutory period (prolonged benefits)					
Duration — weeks in which unemployment occurred	0	0	8	14	17
Days unemployed			24	56	84
Days compensated			16	56	84

SOURCE: Goldschmidt and Velter, *op. cit.*, pp 61-62.

Notes: These figures are only approximate because the duration of benefit depends on the number of uncompensated holidays that may fall in any week and on the date on which the first Monday of the month falls. The difference in number of days compensated in the first and second half years arises from the fact that the initial waiting period of three days applies only in the first half year.

of privilege for one part of those who benefit therefrom although—one must not omit to observe—strict adherence to the new regulations defining a ‘state of need’ would correct extreme abuses.

“It is to be feared, if the crisis continues, that a certain percentage of the insured may ‘install’ themselves into a

SCHEDULE B. TOTAL YEARLY INCOME OF PARTIALLY UNEMPLOYED WORKERS AS PERCENTAGE OF FULL-TIME YEARLY WAGES

DAYS UNEMPLOYED PER WEEK	DAYS OF COMPENSABLE PARTIAL UNEMPLOY- MENT	EQUIVALENT OF PARTIAL UNEMPLOY- MENT IN DAYS OF FULL- TIME WORK	DAYS OF ACTUAL FULL-TIME EMPLOY- MENT	TOTAL DAYS OF INCOME	YEARLY INCOME OF PARTIALLY UNEMPLOYED WORKER AS PER CENT OF FULL-TIME EARNINGS (a)
1	37	25	248	273	91
2	76	51	196	247	82
3	117	78	144	222	74
4	198	132	93	225	75
5	264	176	30	206	69

(a) A full-time work year is considered as made up of 300 days.
SOURCE: Goldschmidt and Velter, *op. cit.*, p. 63.

state of unemployment and avail themselves of all the loopholes that regulations may permit, finding through all sorts of odd jobs (gardening, domestic service) a means of earning a living without having to submit to the discipline of the shop."¹⁵

Administration

The procedure for payment of partial unemployment benefits does not, presumably, differ from that for total unemployment benefits. Because the system is rooted in the trade unions, each with its separate history, tradition, and method of work, the imposition of national standardization has come about only gradually.

The minimum requirements for benefit demand that the applicant present his last employer's certificate to prove that his unemployment was involuntary; that he register at the public employment exchange; that he show a record proving eligibility; and that he prove that no suitable employment was available.

The actual payment of the benefit was generally made by the local society secretary.¹⁶ The benefit grant in Belgium is no simple calculation. In addition to the amount of statutory benefit accorded by the society, there are national subsidies and, under certain conditions, allowances for dependents. An extensive and highly complex relief system is integrated, through the National Unemployment Fund, with the Belgian insurance scheme, and the local secretary must know to which variety of benefits the member is entitled.

The unemployed members generally report daily at union headquarters, many of which have their own placement service. Also they are often required to present themselves each day at the local employment exchanges and the employment and unemployment office. The government has prepared a special control card for the use of the unemployed. This must be presented and stamped by the proper authority wherever the worker is required to report.

¹⁵ Goldschmidt and Velter, *op. cit.*, p. 65.

¹⁶ Kiechel, *op. cit.*, p. 213.

Extent of Partial and Total Unemployment

Since 1921 the *Revue du Travail* has published monthly figures on the number of insured persons in selected industries, both totally and partially unemployed on the last day of the month. An average of "all industries" has also been compiled. In addition, the data include the number of insured, the number and per cent of totally unemployed, and the number and per cent of partially unemployed.

Several criticisms of Belgian unemployment data have been made. No one knows how officials differentiate between partial and total unemployment; consequently, no one knows how significant are the calculations of the "number of days lost by each."¹⁷

Because of the voluntary nature of insurance, the statistics are not equally representative of all industries. In 1930, for example, only 14.7 per cent of the workers in the transport industry and 29.8 per cent of those in food products were members of state-subsidized societies, whereas the insured in printing trades include 87.7 per cent of the workers.¹⁸ The number of insured has fluctuated through the years; in 1930 it was estimated to include about 50 per cent of the gainfully employed industrial population, if those aged fourteen to sixteen and past sixty-five years were excluded from the count.¹⁹

Unfortunately, there are no separate figures on the actual number of days lost through each type of unemployment, which makes it impossible to estimate the absolute extent of total as compared with partial unemployment.

Proposed System of Compulsory Insurance

For many years now there has been debate over the question of whether unemployment insurance should not be made compulsory in Belgium. On June 24, 1936 the Prime Minister announced to the Chamber of Deputies the government's intention of taking steps in that direction, and by the Royal Order of November 7, 1936, Henri Fuss was appointed Royal Commissioner for Unemployment with instructions to submit, by March 31, 1937, a report indicating the reforms which should be introduced to transform the present optional system into a compulsory one.²⁰

Following the appointment of M. Fuss, the Trade Union Committee of Belgium held a special congress in Brussels on November 22, 1936 to define its position on the subject. There was wide difference of opinion. Some trade unionists favored a state system in which the unions would be represented, but favored placing the administration completely under state control. A much larger number, however, while favoring the inclusion of all workers in the system, opposed having the administration under state control. They stressed the inconveniences of such a scheme and emphasized

¹⁷ Goldschmidt and Velter, *op. cit.*, pp. 128-132.

¹⁸ Kiehel, *op. cit.*, p. 47.

¹⁹ *Ibid.*, p. 132.

²⁰ *Industrial and Labour Information*, January 11, 1937, pp. 52-53.

the possibility that a state system might cause a drop in union membership. The congress rejected by 329 to 138 the principle of state insurance and declared in favor of centralization of existing funds within the trade unions.

The employers, at a meeting of the Central Industrial Committee of Belgium held December 23, 1936, also expressed their views. They agreed to employer contributions into a reinsurance fund and insisted upon joint administration by employers and employees—but outside of the trade-union organizations.

The preliminary report of the Royal Commissioner for Unemployment attempts to reconcile the divergent points of view of the trade unions and the employers with respect to administration.²¹

Very briefly, the Report recommends that all workers and employers bound by a contract of service, barring agricultural and domestic workers, be covered. Seasonal workers may be excepted, as well as officials in public service having permanent contracts and persons earning more than a specified sum—50,000 francs perhaps.

Contributions are to be paid equally by workers and employers. The latter will deduct worker contributions from their salary and will affix stamps to the employees' booklets each pay day. All contributions will go into a single national fund and will be supplemented by government contributions.

The method of paying benefits will differ depending on whether persons are wholly or partially unemployed. In the case of total unemployment, benefits will be paid out by approved workers' organizations to insured persons who express a desire for that procedure. In other cases they will be paid out by an administrative body of the insurance system or by the local authority of the district of residence.

In the case of short-time workers, benefits may be paid out by employers who so desire, and who have been authorized to do so by the National Unemployment Fund. Where employers do not wish to do so, benefits may be paid (as in the case of total unemployment) by an approved workers organization or by the administration of the insurance system.

It is estimated that 1,800,000 persons will be covered under a compulsory system and that the average number of days compensated annually will be 26.7 per person. Contributions from workers and employees are expected to total 396,000,000 francs; those from the state, 507,320,000 francs.

The Royal Commissioner for Unemployment believes that the present system, which does not differentiate between total and partial unemployment with respect to waiting period or amount of benefit, should be altered. He makes the following observations and recommendations, bearing on partial unemployment benefits:

“One cannot always regard total and partial unemployment as two separate risks. They are in fact substitutes for each other, forming but a single risk which may appear

²¹ Commissaire Royal pour l'Etude du Problème du Chômage, *Premier Rapport* (Brussels 1937).

in two different disguises. Insurance against this risk should remain covered by a single fund to which, in addition to the State, employers and workers will contribute equally.

"We would propose, however, that a distinction be made in the manner of benefit payment from the National Unemployment Fund, depending on whether the unemployment is partial or total. It is this very distinction which will enable the employers or their organizations on the one hand, and the workers' organizations on the other hand, each to play an important role in the administration of the scheme.

"This partially unemployed person who could in reality just as well be labeled the partially employed, will receive his benefits at the same time as his salary from his employer. As for the totally unemployed who has no longer either employer or salary, he will go to the workers' organization of his own choosing, the latter being empowered at the same time to pay him grants from the National Unemployment Fund.

"Let us make it clear at once that we do not intend to impose against the will of the parties concerned a role which they would be unwilling to assume. If an employer wishes to save himself the trouble of paying the benefits for partial unemployment due the workers in his plant, he is not required to do so, and the workers involved will be able to receive what is due them through their own organizations. Moreover, if a worker does not wish to join a professional organization, he will always be able, in the case of total or partial unemployment, if in the latter case the employer has not undertaken to make the payments, to apply to the administrative office of the district of his residence.

"In summary, the National Unemployment Fund will avail itself of three kinds of treasuries:

1. In the case of partial unemployment, the employer of the worker concerned (or, where small employers are involved, a group of employers)

2. In the case of total unemployment (or in case of partial unemployment if the employer refused the privilege which is offered him) the workers' organization chosen by the person concerned

3. In the case where the person involved does not wish to use this medium, the administrative office of the district of his residence."²²

After reviewing the history of provisions for waiting period and noting how, little by little, it was discarded, the Royal Commissioner declared that the unpopularity of the waiting period arose from the fact that it was renewed each month. It was his belief

²² Commissaire Royal pour l'Etude du Problème du Chômage, *Premier Rapport* (Brussels 1937).

that, under a compulsory system, waiting period should be reestablished at the beginning of each period of unemployment and that different provisions should be set down for total and partial unemployment.

His recommendation for total unemployment was that no benefits should be paid for less than three days of unemployment, except that two periods of unemployment separated by a brief interval would be reckoned as one period. Moreover, for unemployment exceeding three days, benefit should start only with the second day. However, during periods when funds are low, he would permit the proper authority to extend the waiting period to two or even four days. He emphasized the experimental nature of any regulations in a new system and the need of flexibility in its administration.

With regard to partial unemployment, he recommended some of the current provisions, such as no benefit for one day's unemployment per week. For more than one day's unemployment, he said, "We must reserve all proposals until after we have made a more thorough study of the question. It is particularly important to relate benefit for partial unemployment to the salary which the individual concerned continues to draw for his partial employment in such a way as to avoid, no matter what the method of reckoning, making unemployment more profitable than work. Workable principles can be formulated but we have been unable to give sufficient time, within the limits fixed for the preparation of this Report, to define such a formula in precise terms. We shall deal with it again in a subsequent report."

The Royal Commissioner would not incorporate the benefit amount in the law itself, but would leave that to the proper authorities to fix in relation to the cost of living index. The present maximum allowance is two thirds of the worker's salary, three quarters where there are three or more children; this limit he would change to a single basic percentage of perhaps 70 per cent of normal salary.

At the present time the duration of benefits is not related to contributions. The Commissioner would retain the sixty-day maximum for statutory benefit, but would relate it to contributions in the ratio of one day's grant for five days of contribution. Under his proposals, a worker could accumulate unused benefit grants due him for succeeding years. Beyond the sixty days, he would provide post-statutory benefits (of the same amount as the statutory benefits) granted on the basis of need so long as need exists. However, some restriction, depending on the individual merits of the case, would have to be made on the length of time which a totally unemployed person could remain within the insurance system; otherwise, a man might remain insured even if he had a lifetime of unemployment.

Under the compulsory system each member will have a booklet in which the employer will affix stamps each pay day. The book will stay with the employer until the worker is unemployed. Then the worker will take the book to the control bureau (at Office

National du Placement et due Chômage) where it will be approved for benefits. In the case of partial unemployment, it will be the duty of the employer to submit the books of the affected workers to the proper regional office for approval. Actual payments will be made by three agencies: trade unions, districts offices, and employers. If insured, persons can elect payment by a trade union. Only unions with large membership—about 50,000 or more—will be approved for this purpose. The unions will advance the sums to the workers, and will be refunded monthly by the National Fund. In the case of partial unemployment, employers who so desire will, in the name of the National Unemployment Fund, pay benefit due to their workers. Only employers with more than one hundred workers will be allowed to do this; those employing fewer persons, who consent to have the benefit paid through the family allowance fund to which they are affiliated, may also be authorized. Employers must undertake to pay benefit weekly either at the same time that wages are paid, from their own funds or by "assignation postals" from the funds of the Caisse de Compensation with which they are affiliated. Such expenditures will be refunded monthly by the National Unemployment Fund. Where the employer does not pay any partial unemployment benefits, the district offices will do so.

In order not to encourage partial unemployment to become chronic under-employment, which would happen if an excess number of employees—in relation to potential normal production—were permanently retained in a plant, it will be well, the Report stated, to limit the number of benefit grants per year paid by the employer to sixty, except "prorogations" which may be approved by the administration during periods of economic depression.

Moreover, all unemployment which lasts for more than six consecutive working days should be considered total unemployment, even if there is no official abrogation of contract.

b. FRANCE

The state unemployment insurance system in France, dating from September 9, 1905, follows on a national scale the Ghent plan for subsidizing voluntary unemployment insurance plans maintained by trade unions and other mutual aid associations. Since its inception, the number of government-subsidized funds has increased from forty-seven with an average membership of 33,682¹ to 184 with a membership of 222,134 in 1934.² In that year, after more than twenty-five years of operation, the system included only about 1 per cent of the gainfully employed population. Although various explanations have been offered to account for the failure of the system to attract more members, it is believed that the most important deterrent to its growth has been the development of a well-organized public relief system which provides grants as large

¹ Industrial Relations Counselors. *Administration of Public Employment Offices and Unemployment Insurance, Part II. France*, by A. Gilbert. (1935) p. 167.

² France—*Bulletin du Ministère du Travail*, April—June 1936, p. 179.

as those obtainable from benefit funds which require employee contributions.³

The original law provided a national subsidy to unemployment insurance funds paying benefits to totally unemployed persons only, on condition that such plans satisfied certain conditions. The system was not altered, except in minor respects, for the first twenty years of its operation. The present depression, however, has made necessary a number of important amendments: the amount of national subsidy has been enlarged and made uniform for local and national funds; in 1931 the subsidy was extended to insurance for partially unemployed workers; and in 1932—departing from general European practice—the government extended aid to unemployment insurance funds of self-employed workers.

Separate funds are required by the government for each of the three types of benefits: those totally unemployed, those working regularly under conditions of slack work, and those ordinarily self-employed.

The national law leaves it to each individual fund to define for itself what shall constitute total unemployment. But the 1931 decree which extended subsidies to partially unemployed workers formulated a uniform definition of partial unemployment applicable to all plans. Provisions for partial unemployment under the French law apply to persons still on the payroll but employed less than four days per week, because of lack of work. A decree of October 22, 1932 broadened the scope of this regulation to include employment of less than thirty-two hours per week, work in alternate weeks only, and, in certain cases, other arrangements for rotation of work.⁴

Following German procedure in many respects, the French system pays benefits only if the arrangement for reduced hours in an establishment affects the entire working force (except the supervisory or maintenance staff) or a department employing at least ten persons, provided the employer himself does not compensate for lost time. Temporary unemployment due to repairs or a holiday is not compensated nor is partial unemployment of home-workers.⁵

Before claiming benefit for partial unemployment, a person must have been unemployed for at least eight full days or, in case of skip-week work, for an entire week. When an establishment or a partially unemployed unit resumes work on a more nearly full-time basis and workers involved are excluded from benefit for four consecutive weeks, another waiting period of eight days must be served if partial unemployment occurs again before benefits can be paid.⁶

The decrees of March 10, 1931 and of October 22, 1932 specify that employees must have worked at least four weeks in a plant before becoming eligible for partial unemployment benefits.

³ Gilbert, A., *op. cit.*, p. 170.

⁴ *Ibid.*, p. 153.

⁵ *Ibid.*, p. 155.

⁶ *Ibid.*, pp. 155-156.

Refusing, without valid reason, to work in their occupations on days of partial unemployment, neglecting a summons from a public employment office, making a false declaration, or failing to notify the employment office that they are no longer partially unemployed, constitute infractions which make a worker ineligible for compensation. In addition, a claimant for benefits partially unemployed owing to rotation of employment is subject to further regulations. He must present a certificate from the employer stating that he is usually employed full time but that due to lack of work he will not be required for the hours or days indicated. Daily reporting to the employment office is required but may be waived if the employer sends to the employment office a schedule of the plant's operation or indicates on the employee's certificate of partial employment the days on which he cannot employ him.⁷

Special benefit rates for partial unemployment are fixed by the administrators of the partial unemployment insurance funds, subject to approval by the Minister of Labor. The national subsidy, however, is calculated on the basis of the daily maxima that are used for total unemployment benefit.

The regulations relating to benefits for total unemployment permit administrators of a fund to pay any benefit they wish, under any terms they desire, but the amount of government subsidy is limited to a certain daily maximum for a specified period. However, during years of severe depression, as in 1928 and again in 1933, all limitations on duration of subsidy were removed.⁸ Benefits as a rule have no relation to the amount of contributions the member has paid but are flat daily allowances which are paid until the member is employed or until his benefit credits have been exhausted. Since 1933, the maximum daily amount on which national subsidies were based ranged from eight francs for persons without dependents to twenty-six francs for a person with the maximum number of dependents. Subsidies for partial unemployment benefits are based, presumably, on the same maximum amounts.

Originally, partial unemployment benefits could not exceed one day less than the days of unemployment in any week, that is, for every three, four, or five days of unemployment not more than two, three, or four daily allowances of benefit could be drawn. If the employee worked only alternate weeks, he could draw not more than five allowances for six days of unemployment. A circular dated July 8, 1931 limited duration of benefit to a specific number of weeks in a year, generally eighteen, depending on the status of the fund, but later emergency measures extended duration of benefit to conform with provisions covering totally unemployed persons. In 1933, all limits on duration were suspended for partial as well as total unemployment.⁹

Partially unemployed workers receive no benefits or relief if they are paid for time lost by their employers, unless the income

⁷ *Ibid.*, pp. 156-157.

⁸ *Ibid.*, p. 161.

⁹ *Ibid.*, p. 161.

received is smaller than the benefit; in such cases they may receive the difference between the two.

Commenting on the provisions of this new legislation in his annual report for 1931, the Minister of Labor stated rather frankly that in view of the meager experience with partial unemployment benefits in other countries, France had been guided largely by the experience of Germany, one of the few countries which had experimented with benefits in this field. The Minister emphasized the point that the French provisions must be regarded as tentative, rather than final, and as subject to such revisions as experience might dictate. He said that the conditions which funds paying benefits for partial unemployment must satisfy in order to receive national subventions could not be more fully determined until time and experience had brought to light all problems connected with benefit payment for partial unemployment.¹⁰

In summary, it may be stated that the payment of partial unemployment benefits has received governmental encouragement in France since 1931 through a national subsidy granted to voluntary associations which set up separate funds for such benefits. Despite the aid offered, in 1934 only eighteen of the 184 existing unemployment insurance funds had taken advantage of the subsidy. The partial unemployment insurance funds created to meet national requirements¹¹ affected only 6,700 individuals or 3 per cent of the persons who were associated with voluntary schemes for unemployment benefits.

Because subsidized partial unemployment benefits apply to so small a percentage of the insured, it is not possible on the basis of data available in reports issued by the Minister of Labor to determine the full extent of partial as compared with total unemployment among the insured workers of France. The figures do indicate, however, the number of days of total and partial unemployment for which benefits were paid.

Table 46 shows that in 1932, the first year for which data on partial unemployment insurance exists, 1,694,937 days of total and 103,354 days of partial unemployment were compensated. The benefit per day for total and partial unemployment averaged 7.9 francs and 7.8 francs, respectively. The expenditure for total unemployment amounted to 13,322,061 francs, for partial unemployment to 806,707 francs. Excluding expenditures on self-employed groups, the disbursements of total and partial unemployment insurance funds combined amounted to 14,128,768 francs; partial unemployment benefits, covering about 5.4 per cent of all workers insured in both types of fund, accounted for approximately 5.7 per cent of the expenditures.

¹⁰ France—*Bulletin du Ministère du Travail et de la Prévoyance Sociale*, January—March, 1933, p. 22.

¹¹ The annual report of the Ministère du Travail for 1933, for example, states that thirty partial unemployment funds existed on December 31, 1933, but fifteen of them disbursed contributions under conditions which did not conform to government regulations and were consequently not subsidized. All figures on number of insured apply only to insured members of approved, subsidized funds. *Bulletin du Ministère du Travail*, July—September, 1935, p. 297.

TABLE 46. COST OF UNEMPLOYMENT INSURANCE BENEFITS IN FRANCE, 1932-1934

	UNEMPLOYMENT INSURANCE ASSOCIATIONS			COST OF BENEFITS (FRANCS)				Average per compensated day
	Number	Member	Beneficiaries	DAYS COMPENSATED	Total	National subsidy	Other receipts	
	Year 1932							
Total unemployment	160	209,276	48,884	1,694,937	13,322,061	3,746,889	9,575,172	7.9
Partial unemployment — total				103,354	806,707	106,235	700,472	7.8
January-June	12	11,479	4,318	70,936	577,552	76,335	501,217	8.1
July-December	15	12,471	2,454	32,418	229,155	29,900	199,255	7.1
Self-employed—total								
January-June								
July-December	7	1,044	790	36,564	704,197	263,679	440,518	19.3
	Year 1933							
Total unemployment	171	215,058	50,801	1,814,416	13,001,318	3,992,377	9,008,941	7.2
Partial unemployment — total				102,844	1,801,203	577,683	1,223,520	17.5
January-June	9	3,494	758	29,758	406,418	116,006	290,412	13.7
July-December	6	4,300	1,639	73,086	1,394,785	461,677	933,108	19.1
Self-employed — total				590,863	10,755,713	4,409,944	6,345,769	18.2
January-June	16	4,248	3,846	341,943	5,804,842	2,434,476	3,370,366	17.0
July-December	18	5,206	2,457	248,920	4,950,871	1,975,468	2,975,403	19.9
	Year 1934							
Total unemployment	184	222,134	67,742	2,646,725	19,040,644	5,520,550	13,520,094	7.2
Partial unemployment — total				106,087	1,425,428	395,914	1,029,514	13.4
January-June	12	6,755	1,458	57,344	805,600	217,791	587,809	14.0
July-December	12	6,725	1,533	48,743	619,828	178,123	441,705	12.7
Self-employed — total				362,366	6,704,687	2,423,560	4,281,127	18.5
January-June	16	5,663	2,923	222,692	4,222,880	1,594,627	2,628,253	19.0
July-December	16	4,438	2,324	139,674	2,481,807	828,933	1,652,874	17.8
SOURCE: 1932, <i>Bulletin Du Ministère du Travail</i> , October-December				1933, pp. 402, 405.				
1933, " " " " "				1935, pp. 292-294.				
1934, " " " " "				1936, pp. 179, 181.				

Comparable figures for 1934 indicate that benefits were paid for 2,646,725 days of total and 106,087 days of partial unemployment. The benefit per day for total unemployment averaged 7.2 francs; that for partial unemployment, 13.4 francs or nearly twice as much. Payments for total unemployment insurance amounted to 19,040,644 francs as compared with 1,425,428 francs for partial unemployment. The sum spent on total and partial unemployment combined was 20,466,072 francs; partial unemployment benefits, covering about 3 per cent of all workers insured in state subsidized funds, constituted about 7 per cent of the total expenditures.

It is difficult to estimate what the cost of partial unemployment might have been in either year had the entire insured membership, rather than a very small percentage of it, been covered for this hazard. But it is clear that the costs would have been considerably increased.

C. GERMANY¹

Historical Summary

Before the World War the trade unions in Germany paid benefits to their members for both total and partial unemployment. But neither partial nor total unemployment benefits were provided by the federal or state governments.

During the World War public funds other than those set aside for poor relief were made available for the first time for total and partial unemployment benefits. A benefit system for partially unemployed workers in need was set up for certain industries. It was financed either by the federal and the state governments or by the federal government only. In both cases, however, there was close cooperation with the welfare departments of the municipalities which administered the benefits. The plan was first applied only to the textile and shoe industries and was later extended to such industries as were affected by the shortage of coal, under a scheme financed exclusively by the federal government.

After the World War a benefit scheme was established covering for the first time both partially and totally unemployed. According to section 9 of the decree of November 13, 1918, the partially unemployed worker could apply for benefits if his partial unemployment was caused by a temporary shortage of work and the loss of earnings was a certain proportion of the full-time weekly wage and also of the total unemployment benefit rate. These individually computed benefits to partially unemployed workers were paid only on condition of need. The regulations of 1918 and the method of computation of the individual benefit amounts were changed several times during the succeeding years.

In 1924 a special scheme for partial unemployment was established, this time separated from the benefit plan for total unemployment. The state governments were given the power to institute benefit plans for partially unemployed workers within their juris-

¹Prepared by Dr. Erwin J. Rawicz, formerly a director of statistics in the Federal Division of Placement and Unemployment Insurance, Germany.

dictions if the workers were temporarily laid off and in need, on condition that each plan be approved by the federal government, represented by the Secretaries of Labor and of the Treasury.[†] Almost without exception, the state governments made use of the power vested in them. Payment of benefits and application of the "needs" test were administered by the welfare departments of the municipalities. The relationship to general relief was still close.

A partial benefit scheme for workers in the tobacco industry was set up under a law of August 10, 1925 designed to meet an expected increase in partial unemployment caused by higher taxation in that industry. The scheme remained in force until the unemployment insurance legislation passed in 1927 became operative.

In 1926 a new basis for partial unemployment benefits was set up by decree of the federal government dated February 20, 1926 and amended July 1 and November 25, 1926. The basis of the new policy was recognition of the fact that loss of work during the greater part of a week causes distress comparable in extent to total unemployment, and made a broader policy desirable. It was not overlooked, however, that a system of partial benefits carries with it the danger of subvention to industry. Further, the possible economic effect of keeping alive marginal industries which would gradually be forced out of business if their employees were not subsidized by partial unemployment benefits was taken into consideration. But these arguments were not regarded as having sufficient weight to counterbalance the arguments for preventing the creation of a broader scheme on general grounds of equity to workers. It was believed that any tendency toward prolonging the existence of marginal industry would be temporary. The new scheme, however, was built on the assumption that only partial unemployment which was temporary and caused by shortage of work on account of general economic or labor market conditions could be included. Generally speaking, compensation was limited to cases in which a shortened working week caused lower weekly earnings than the benefit amount for total unemployment.

The 1926 decree introduced for the first time a restriction of coverage based on size of plant. Only employees of factories which regularly employed at least ten workers were included in the scheme. The chief reason for this limitation was the difficulty of exercising control over smaller establishments and the possible misuse of the partial unemployment benefit system. The cost of benefits for partial unemployment paid on the basis of this system was borne by public funds set aside for total unemployment benefits. Further, partial unemployment benefits were not paid unless three, four, or five full working days were lost within a calendar week and earnings were reduced proportionately. Partial unemployment benefits continued to be paid on a needs test and in relation to benefit rates for total unemployment. Earnings and benefits for partial unemployment together could not exceed five sixths of full-time weekly wages. Moreover, the partial unemployment benefit amount could

not exceed the benefit rate for total unemployment, regardless of the number of working days lost.

A certain change in the official attitude towards partial unemployment benefits penetrated legislation gradually. Until the end of 1926 making partial unemployment benefits part of the forthcoming unemployment insurance system was not seriously considered. In 1927, however, the time was thought to be ripe for inclusion of partial unemployment benefits in the general insurance scheme. Partial unemployment benefits were regarded in a different light as a sort of stimulant to keep workers in factories even under conditions of shortened working days and decreased earnings during periods of a temporary shortage of work. The great majority of the legislators agreed with this attitude. Consequently the Law of July 16, 1927 concerning placement and unemployment insurance transferred the power to establish a partial unemployment insurance system to the Administrative Council of the Federal Institution for Placement and Unemployment Insurance, subject to the approval of the Federal Secretary of Labor. All the earlier schemes were gradually superseded by the provisions set up by Sections 130 and 186 of the Law of 1927.

The Administrative Council, a self-governing body composed equally of representatives of employers, employees, and public authorities, was free to draft the provisions for payment of partial unemployment benefits, subject to certain statutory restrictions. The maximum partial benefit must not be an amount higher than the total unemployment benefit and the maximum limit on benefits in each case should be five sixths of the full-time weekly wage less actual earnings in a particular week. The Administrative Council was empowered to prescribe administrative regulations. The Law expressly provided that the Council might require either the employer or the representative body of the employees in the establishment to apply to the local employment office for partial unemployment benefits. In addition, the Administrative Council was authorized to require the employer to calculate and to pay partial unemployment benefits—on the request and after the approval of the local employment office—without any compensation for administrative costs. The amount of benefits paid to his partially unemployed workers was, of course, refunded to the employer by the local employment office out of the unemployment insurance funds. (By amendment of 1932, the employer was obliged to make available his payrolls and ledgers on the request of the local employment office and to submit to complete supervision of payment of partial unemployment benefits to employees of his establishment.)

By Section 1930 of the 1927 Unemployment Insurance Law, partial unemployment provisions were included in the general unemployment insurance scheme, financed entirely from unemployment insurance funds and administered by the Federal Institution for Placement and Unemployment Insurance through 1,100 employment offices and branch employment offices. The first important decree under the new legislation dealing with partial unemployment benefits did not require a needs test to establish eligibility.

Several times in subsequent years, the orders and decrees issued by the Administrative Council were amended to meet changing conditions and to incorporate improvements suggested by past experience. The decree of August 27, 1931 is important because it may be regarded as a revision of the whole scheme. Significant in this decree is the change from individual benefit amounts to a scheme providing for fixed rates varying according to wage classes.

In 1933 the Administrative Council was abolished and its power to regulate partial unemployment insurance transferred to the President of the Institution for Placement and Unemployment Insurance. The most important decree issued by him was an extension of partial unemployment benefits to industries working less than eighty hours in a fortnight because of a shortage of raw materials. Hitherto, the general scheme had provided compensation for partial unemployment only in industries working on a short-time basis because of a shortage of orders for their products. The new partial unemployment benefit scheme was put into operation side by side with the former general scheme.

The last comprehensive amendment issued after 1933 was the decree of September 5, 1936, which is still the legal basis for partial unemployment benefits. It included the two types of partial unemployment insurance already in existence. Shortly afterwards, by the decree of September 12, 1936 a third type was established to meet the special needs of protracted partial unemployment in the textile industry.

In 1937 unemployment decreased gradually and it was regarded as feasible to restrict the provisions concerning partial unemployment benefits. Shortage of work led to a change of attitude towards partial unemployment benefits. The effect, however, was to restrict benefits for younger workers only without affecting the actual structure of the benefit system. The decree of June 30, 1937 introduced an age limit of thirty years for recipients of partial unemployment benefits who have no dependents.

At the beginning of 1939, by special decree on January 14, the partial unemployment benefit system was extended to Austria, following its incorporation into Germany in 1938. All provisions for partial unemployment within the unemployment insurance scheme have been applied to Austrian workers.

Present Partial Unemployment Insurance Benefit Scheme

The partial unemployment benefit system, although part of the general unemployment insurance scheme, has been built up and developed along fundamentally different lines, because partial unemployment is regarded as a collective risk within an establishment rather than as the total unemployment risk of an individual. Only on this ground was partial unemployment regarded as compensable.

Some of the employees insured against total unemployment are insured against partial unemployment at the same time. Applicability of benefits is determined first on the basis of type and size of

plant (measured by the number of employees) and secondly on the basis of minimum loss of work.

Generally, only employees in factories regularly employing ten or more persons are insured against partial unemployment, whereas all employees are covered for total unemployment. About one half of the total number of employees in industry are thereby excluded from the partial unemployment benefit scheme. In addition, only a loss of at least three days within one week or of at least five days in a two-week period is compensable in the general scheme. Employees working eight (nine, ten, eleven) days and laid off four (three, two, one) days during a two-week period in the extended scheme are excluded from partial unemployment benefits. (See descriptions of these schemes below.)

These two discriminations are important especially in view of the fact that unemployment insurance contributions are paid without exception by all employers and employees in these groups.

It has proved preferable to regulate partial unemployment by administrative decree rather than by law in order to insure the flexibility necessary to meet changing trends of general or special business activities. Therefore, the unemployment insurance act from the start merely set forth the principles regarding the payment of partial unemployment benefits, leaving the details to the administration. It should be emphasized that the first decree on partial unemployment after 1927, as well as all amendments of rules up to 1933, was first considered by the administration in close cooperation with representatives of employers and employees. This fact explains why the legislature originally delegated its power in certain instances, including the establishment of the partial unemployment scheme, to the Administrative Council. It may be mentioned that later the managers of the local offices were empowered to exclude any part or all of their districts from the scheme.

The legal definition of partial unemployment is especially precise, being stated in terms of loss of earnings, as well as in reduction of hours. Loss of time must be due to shortage of work, and reduced earnings must be due to loss of hours. Moreover, partial unemployment compensation is paid only if the worker is employed in the plant for not less than eight working hours or one shift within a fortnight.

Three categories of partial unemployment benefits have been developed during the last ten years: a normal scheme, the general partial unemployment benefit system, providing compensation in cases of shortage of work due to lack of demand for the product, and two special schemes created because of the shortage of raw materials and the long-range partial unemployment arising from it. These special schemes, operating since 1934 and 1936, respectively, and called the extended partial unemployment benefit scheme and special partial unemployment benefit scheme, apply, nearly without exception, to long-range partial unemployment in the textile industry.

A legal right to partial unemployment benefits is established under these schemes if certain qualifications are fulfilled. "Gen-

eral" partial unemployment benefits are paid if a plant is unable to employ its employees during a certain part of the week—later, two weeks—because of a shortage of work attributable to the downward trend of business. "Extended" partial unemployment benefits were introduced because restricted imports of raw materials caused the necessity of taking special measures to care for groups of employees who would probably be affected by it. Not only was an extension of partial unemployment generally to be expected, but the lengthening of working hours to provide full employment for those already partially employed seemed improbable. The extended partial unemployment benefit scheme therefore made provisions that were more liberal in prerequisites as well as in the benefit rates that were introduced.

The special schemes for textile workers were established in order to meet the special long-range partial unemployment in this industry. Partially unemployed textile workers receive greater benefits, after twenty-six weeks of general or extended partial unemployment benefit, in order to meet their increased need. There is no connection between compensation for total unemployment and for any type of partial unemployment. The right to partial unemployment compensation is not affected in any way by the right or the exhaustion of the right to total unemployment compensation. The worker's benefit rate and duration under one scheme are independent of his rate and duration under the other.

Partial unemployment benefits are not paid individually to the partially unemployed workers as is done in the payment of total unemployment compensation. Benefits are paid through the employer, who has to apply for partial unemployment insurance for his workers to the local employment office of the area in which his factory is located. The manager of the employment office has to consider the case in all its aspects and decide whether or not the application is to be granted. In the first instance, it is his duty to check whether shortage of work is responsible for the part-time operation of the establishment. If this has been proved indisputably, the application may be granted. The employer then receives a schedule of benefit rates and a detailed explanation of how to find out which benefit rate is applicable to each of the employees concerned. The employer determines the partial unemployment benefit rates for his employees, lists them, and submits the list to the employment office, which checks it for correctness. Having been checked, the list is returned to the employer with the signature of the manager of the employment office authorizing payment of benefits. The fortnightly payment of the benefits is made by the employer's personnel office. Each partially unemployed worker has to sign a receipt on the list and after payment the total amount is refunded to the employer by the local employment office.

Until 1931 each partially unemployed worker had to comply with the eligibility requirements for total unemployment compensation. In that year the eligibility provision was liberalized and since then each employee is entitled to partial unemployment benefits if he is insured in both the compulsory unemployment and health insur-

ance schemes. The individual needs test applicable in the early benefit schemes has been dropped from the recent general insurance scheme. There are no other individual requirements of any kind, except the age limit which since 1937 has excluded workers under thirty years of age from partial unemployment benefits if they do not have dependents. Partially unemployed persons with dependents are entitled to benefits, regardless of age.

Since 1936 there has been no waiting period for partial unemployment benefits. In cases where partial unemployment develops into total unemployment, a waiting period is generally not required before getting total benefits although some exceptions exist.

Partial unemployment is not compensable unless it lasts at least two weeks. Payment of partial unemployment benefits is contingent on loss of earnings measured in terms of hours or days lost during a working period of two weeks.

The method of calculating the benefit rates has been changed several times for purposes of simplification. The most significant alteration was that effected by the decree of 1931 which changed the basis for rates from individual computation to a fixed schedule of benefits. Until 1931 benefits for partially unemployed workers were based on a formula expressed in equivalents of the benefit rate for total unemployment. Computation for loss of three days of work during a week was equal to one day's total unemployment benefit, for four days' loss of work it was equal to two days' total unemployment benefit, and for five days' loss of work it equaled three days' total unemployment benefit. Allowances for dependents were granted in addition to these amounts, calculated in units of one half the daily rate for total unemployment. The maximum benefit, however, combined with earnings for short-time work, could not in any week exceed five sixths of the worker's full-time wages. This formula was abandoned in 1931. From that time on the actual rate for each partially unemployed person was determined by three factors: first, the wage class to which he belonged; second, the number of lost days of work; and third, the number of dependents for whom he was entitled to obtain allowances. The wage class of a partially unemployed person was determined by the amount of full-time weekly wage he would have received had he worked an entire week. In the unemployment insurance scheme of 1927, eleven wage classes were established for total unemployment compensation, to which applicants were assigned on the basis of an average full-time wage earned during the twenty-six weeks preceding the spell of unemployment. A similar practice was established in 1931 for persons partially unemployed. Fewer classes, however, were used in determining partial benefits.

"Extended" partial unemployment benefits, however, are calculated individually in each case. The two-week amount is equal to 40 per cent of the difference between the actual earnings of the partially unemployed and the theoretical wage for eighty hours of work within a fortnight. This amount is augmented by an allowance for each dependent who is regularly supported by the recipient. The supplementary allowance is 10 per cent of the difference

between actual and theoretical full-time earnings. The maximum amount of partial unemployment benefits, even after the addition of allowances to dependents, is the wage for eighty hours in a fortnight. Therefore, allowances for a maximum of only four dependents are granted.

There is no limitation on the duration of partial unemployment benefits. Originally benefit payments for partial unemployment were regarded as a temporary measure. The long depression and later the restriction on imports of certain raw materials showed that partial unemployment was not a temporary but a permanent feature of the labor market. For these reasons provisions for duration were regarded as arbitrary and unfeasible.

Statistical Analysis of the Problem of Partial Unemployment

Official figures reflecting the extent of partial unemployment throughout Germany have not been available. For the period before 1933, however, statistics were collected by trade unions over more than a decade. All important trade unions sent monthly statistical reports to a federal statistical office, where the figures on total and partial unemployment were compiled and published with the aid of the unions. Although these figures include union members only, they can be used for purposes of generalization, since in the postwar period a large proportion of the working population was organized. According to the German census of 1925, the number of industrial workers in Germany (including industry, commerce, trade, transportation, etc., but excluding farm workers, white collar employees, and domestic servants) amounted to 13,255,000. The number of union members, excluding farm workers not subject to partial unemployment, amounted to 4,615,000. The percentage of industrial workers organized was, therefore, 34.7 per cent. The extent of union organization in certain industries characterized by unstable employment was even higher. According to the German census of 1925, there were 541,968 workers in the mining industry. The number of organized miners in 1925, reported in union figures, amounted to about 284,000 or 53 per cent of the total. A second example of the degree of unionization is the shoe industry, which was under great pressure from foreign competition. According to the census of 1925, the number of shoe workers amounted to 112,828; of these, 75,600 or 67 per cent were organized. These figures suggest that the total number of partially unemployed is probably 50 to 60 per cent higher than the number of partially unemployed union members included in the available figures. Table 47 gives figures for partially unemployed union members for the period of nine consecutive years from 1924 through 1932. In the spring of 1933 the trade unions were dissolved and therefore no comparable statistics are available for more recent years.

Figures in Table 47 show that in October of the normal year 1927 the figures of partially unemployed union members had dropped to 79,000, the lowest monthly number for the nine-year period 1924-1932. In September 1931 they reached the peak for the period,

TABLE 47. REGISTERED UNION MEMBERS PARTIALLY UNEMPLOYED (a)
GERMANY, 1924-1932

MONTH (b)	1924	1925	1926	1927	1928	1929	1930	1931	1932
January	889,998	166,476	878,637	234,368	146,516	393,607	501,950	852,653	887,526
February	620,940	163,345	771,405	210,724	151,646	407,128	593,380	863,530	880,683
March	348,153	158,681	736,640	160,080	155,797	364,820	576,153	832,664	864,908
April	190,146	153,046	673,993	136,338	180,712	324,515	553,098	790,503	822,993
May	263,252	155,033	641,780	109,246	215,759	315,191	552,318	754,592	836,758
June	610,849	163,461	596,973	101,378	255,090	308,699	578,116	753,031	812,549
July	830,844	177,280	563,823	99,225	283,562	315,739	631,903	803,375	805,632
August	803,769	214,085	511,685	108,342	312,051	322,824	670,466	889,727	807,968
September	512,028	268,186	427,380	93,113	303,466	315,150	677,627	909,137	780,117
October	355,708	399,649	343,303	79,076	303,737	319,489	693,379	894,004	765,197
November	222,377	573,446	284,774	86,905	339,461	351,947	721,658	880,441	741,478
December	193,280	695,949	249,628	123,207	336,173	389,278	749,335	884,822	760,539

(a) Only trade union statistics on partial unemployment are available. These cover from 50 to 60 per cent of all gainfully employed persons subject to unemployment insurance legislation.

(b) Figures refer to persons partially unemployed one week or one day within the month indicated.

SOURCE: *Forschungsblatt*, 1927-1933. *Vierteljahrehefte zur Statistik des Deutschen Reiches*, 1924-1929.

TABLE 48. PERCENTAGE OF REGISTERED UNION MEMBERS PARTIALLY UNEMPLOYED — GERMANY, 1922-1932

MONTH	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
January	2	13	20	.5	23	7	4	9	11	19	23
February	2	15	15	5	22	6	4	9	13	20	23
March	1	24	9	4	22	4	4	8	13	19	23
April	(a)	29	5	4	19	4	4	7	12	18	22
May	(a)	22	7	4	18	3	5	7	12	17	23
June	(a)	15	17	4	17	3	6	7	13	18	22
July	(a)	15	24	5	17	3	7	7	14	19	23
August	(a)	26	24	6	15	3	7	7	15	21	23
September	3	40	15	7	13	2	7	7	15	22	23
October	5	47	10	11	10	2	7	7	15	22	23
November	8	47	6	16	8	2	8	8	16	22	22
December	9	42	6	19	7	3	8	9	17	22	23
Yearly average	3	27	13	8	16	3	6	8	13	20	23

(a) Less than 1 per cent.

SOURCE: *Statistisches Jahrbuch für das Deutsche Reich*, 1923-1933.

TABLE 49. PERCENTAGE OF REGISTERED UNION MEMBERS PARTIALLY AND TOTALLY UNEMPLOYED IN GERMANY BY LEADING INDUSTRIES, JULY AND DECEMBER, 1927 AND 1932

INDUSTRY	1927 (a)				1932 (a)			
	JULY		DECEMBER		JULY		DECEMBER	
	Partially unemployed	Totally unemployed	Partially unemployed	Totally unemployed	Partially unemployed	Totally unemployed	Partially unemployed	Totally unemployed
All industries	3	6	3	13	23	44	23	45
Mining	6	1	4	2	36	18	31	18
Metal industry	2	7	2	5	28	46	27	47
Chemical industry	2	6	3	8	34	34	37	34
Wood industry	4	10	3	10	10	66	10	69
Paper manufacturing					32	26	28	25
Printing industry	1	4	0.5	4	16	36	18	36
Leather manufacturing	5	8	10	7	25	34	39	26
Textile industry	2	3	5	3	43	34	40	30
Garment industry	9	15	12	18	37	43	40	39
Shoe industry	10	8	27	10	44	38	49	35

(a) In 1927 relatively normal conditions prevailed; 1932 represents the worst year in the depression.
SOURCE: *Statistisches Jahrbuch für das Deutsche Reich*, 1928 and 1933.

exceeding 900,000. The subsequent drop in 1932 was caused by the fact that the extension of the depression compelled many establishments to lay off entirely some of the workers who were still partially employed by them.

In Table 48 the extent of partial unemployment is shown by the percentage of union members who were partially unemployed. Figures indicate that the seasonal character of certain industries does not appreciably affect the general trend of partial unemployment.

Between 1924 and 1933, partial unemployment in all industries did not affect more than 25 per cent of all organized labor. This general statement does not hold true in some of the more important industrial branches, however. Partial unemployment increased during the depression to over 45 per cent in certain industries, as Table 49 indicates. The mining industry suffered a greater amount of partial than of total unemployment during the normal year 1927 as well as in 1932. The contrary is true in the metal industry, where total exceeded partial unemployment. This situation is explained in the different type of production prevailing in the two industries, depending on whether this permitted shortening of hours or days or required the introduction of changing shifts.

In the textile industry, different reasons underlie the fact that, during the depression, figures of partial unemployment are considerably higher than the average for all industry and higher even than total unemployment in the same industry. Employers in the textile industry were encouraged to introduce changing weekly shifts in order to prevent total unemployment and the closing down of plants, which would have meant greater economic loss for the country as a whole than that incurred by the payment of partial unemployment benefits even for a long period. The distress of textile workers explains the establishment of the special partial unemployment benefit schemes already described.

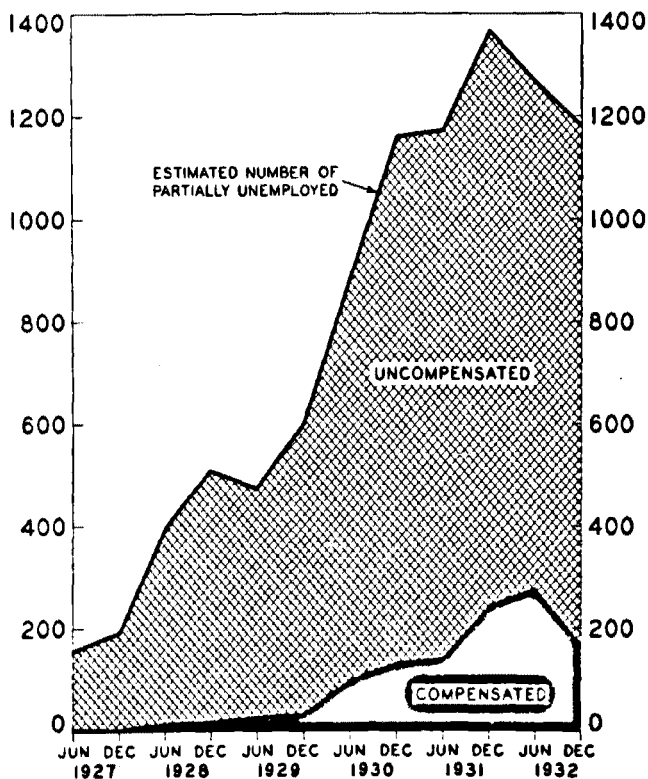
It is possible to estimate the extent of partial unemployment on the basis of the trade union statistics. As union figures represent about 60 to 70 per cent of all partially unemployed throughout the country, it may be assumed that in the normal year 1927 the number of partially unemployed dropped as low as 150,000 or even less and increased to about 1,400,000 by the beginning of 1932. Total unemployment figures fluctuated between 450,000 and 6,130,000 within the same period. Comparing both total and partial unemployment over the nine-year period, 1924-1932, the fact might be pointed out that the peak for total unemployment represents thirteen to fourteen times the lowest figure for total unemployment, while the peak for partial unemployment represents only nine or ten times the lowest figure. Estimates of the extent of partial unemployment in Germany for each year between 1924 and 1932 may be found in Table 50 on page 268.

As has been pointed out, not all partially unemployed persons are in a position to rely on partial unemployment insurance benefits. In fact, only a small proportion of all partially unemployed employees can draw benefits. Under the plan adopted in 1926, only workers in factories with ten or more employees have been included

in the scheme. According to the 1925 census, the number of workers in factories having one to ten employees in industry, trade, transportation, and commerce comprised 47.5 per cent of all employees in these industrial groups. Thus almost one half of all employees in these groups are excluded from partial unemployment benefits. Moreover, the right to partial unemployment benefits is granted only to employees who are insured in compulsory schemes against both unemployment and sickness. Although agricultural workers and apprentices are excluded from coverage under the compulsory unemployment insurance schemes, the actual number of partially unemployed excluded from benefits under these provisions is probably not very large.

Only workers unemployed five to eleven days within a fortnight are included in the schemes. Under this provision, a very high

CHART 29
COMPENSATED AND UNCOMPENSATED*
PARTIAL UNEMPLOYMENT IN GERMANY, 1927-1932
 IN THOUSANDS OF PERSONS



* UNCOMPENSATED UNDER THE UNEMPLOYMENT INSURANCE SCHEME.

SOURCE: Federal Institution for Placement and Unemployment Insurance, *Annual Reports*; and *Reichsarbeitsblatt*, 1924-1932.

proportion of all persons on short time are excluded from partial unemployment benefits. According to the union statistics, in 1927, for instance, the loss of working days in one week was distributed as follows:

LOSS OF WORKING DAYS DURING ONE WEEK	PER CENT OF UNION MEMBERS (PARTIALLY UNEMPLOYED)	
	JUNE 1927	DECEMBER 1927
1 day (1-8 hours)	53	44
2 days (9-16 hours)	23	26
3 days (17-24 hours)	16	18
More than 3 days (25 and more hours)	8	12

According to these figures, only between 8 and 12 per cent of union members lost more than three days a week and could qualify for partial unemployment insurance benefits.

The decree of June 30, 1937 excluded workers under thirty years of age who had no dependents. This additional restriction affected a considerable number of possible recipients but did not constitute a significant proportion of all partially unemployed. There remains, therefore, only a small portion of partially unemployed who can qualify for benefits.

The relationship between partial unemployment and the benefit scheme for partially unemployed is reflected in Chart 29 on page 265. Because of the increase of partial unemployment, the per cent of partially unemployed persons receiving partial unemployment benefits increased steadily from 1927 to 1932. It is noteworthy that in the middle of 1932 more than 22 per cent of all partially unemployed were receiving partial unemployment insurance benefits as compared with 1.2 per cent in December 1927. It is necessary to keep in mind that the number of recipients of partial unemployment benefits depends on the legal prerequisites which were liberalized several times. The steady increase, however, is due not only to the changing legal provisions but also to the changing spirit in which the administration interpreted certain provisions.

Measurement of the intensity of partial unemployment is of no less importance than figures giving the number of partially unemployed persons. It is indeed a more sensitive index of conditions in the labor market. Statistics of the number of partially unemployed workers reflect the beginning of an upward or downward trend in the labor market sooner than statistics for total unemployment, but the first indication of a change in trend is to be found in the figures reflecting the intensity of partial unemployment, expressed in terms of loss of days or of hours of working time during a certain period. In Germany two sources of this information are available, union statistics and official unemployment insurance statistics.

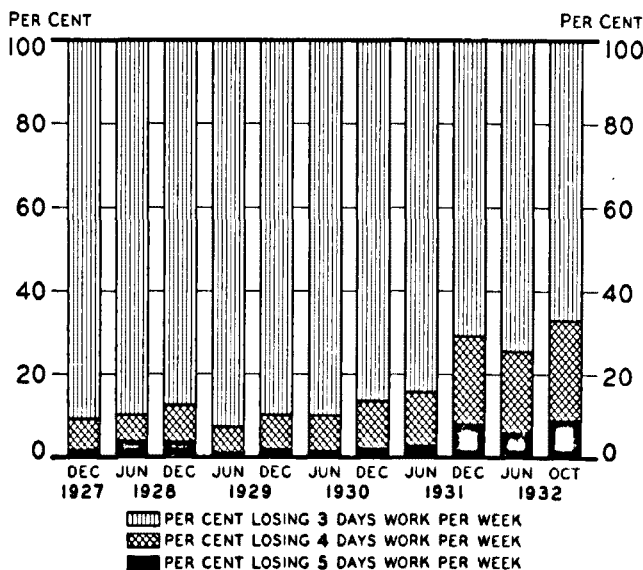
Trade union statistics give the loss of working days for their partially unemployed members. They reflect the actual distribution of partially unemployed in four groups, beginning with the loss of one day during a week. The official figures of the Federal Institution for Placement and Unemployment Insurance give a frequency distribution of number of lost days of work during a week by recipients under the general scheme and a distribution by hours

of employment during two weeks for recipients of extended partial unemployment benefits. These two sources supplement one another because official figures refer only to partially unemployed persons in establishments of ten or more employees with minimum loss of three days a week, whereas the union figures include the loss of one to three working days. Chart 30 in particular shows the tendency toward a decided increase in partial unemployment during the depression, both in number of persons affected and in amount of working time lost. To give only one example, the percentage of recipients of partial benefits who lost four days in a week increased from 7 per cent at the end of 1927 to 24 per cent in the fall of 1932. Moreover, the percentage of recipients losing five days a week—working only one day—increased from 2 per cent at the end of 1927 to more than 9 per cent in the fall of 1932. Subsequently, the proportion of recipients with a loss of three days only dropped from 90 per cent in December 1927 to 67 per cent in October 1932. A coincidence can be observed between an increase in the number of partially unemployed persons and an increase in the intensity of partial unemployment, a fact that must be taken into account in drawing up a scheme for partial unemployment benefits in general.

CHART 30

INTENSITY OF PARTIAL UNEMPLOYMENT IN GERMANY 1927-1932

PERCENTAGE DISTRIBUTION OF PERSONS RECEIVING GENERAL PARTIAL UNEMPLOYMENT BENEFITS BY NUMBER OF DAYS LOST PER WEEK



NOTE—PARTIAL UNEMPLOYMENT OF LESS THAN THREE DAYS NOT COMPENSATED.

SOURCE: Federal Institution for Placement and Unemployment Insurance, *Annual Reports*; and *Reichsarbeitsblatt*, 1924-1932.

There is a fundamental difference between trends in total and partial unemployment in periods of fluctuation in business activity. Generally speaking, when employment starts to decrease, partial unemployment increases before any increase in total unemployment occurs. Secondly, the number of partially unemployed workers increases when employment conditions become worse. The first indication of a change in trend is an increased intensity of partial unemployment in terms of loss of working days. It may happen that the two stages follow each so quickly that only observations at very short intervals reveal the order in which the change occurs.

When employment conditions commence to improve, the number of partially unemployed decreases more quickly than that of totally unemployed. Generally speaking, factories change first from partial to total employment, thereby decreasing the number of partially unemployed without affecting that of totally unemployed. But even before the figures of partially unemployed improve, the intensity of partial unemployment is decreased by an increase in the number of working days from three to four days within a week. This does not affect the total number of partially unemployed. It applies in particular where efficient operation of a factory requires continuous employment, at least to a certain extent. The period of changing from partial to total employment within the skeleton force is relatively short. Decreased unemployment will soon be

TABLE 50. NUMBER OF PERSONS TOTALLY AND PARTIALLY UNEMPLOYED
GERMANY, 1924-1932

MONTH AND YEAR	TOTALLY UNEMPLOYED (a)	PARTIALLY UNEMPLOYED (ESTIMATED) (b)	NUMBER OF PARTIALLY UNEMPLOYED AS PER CENT OF NUMBER TOTALLY UNEMPLOYED
<i>Highest total unemployment</i>			
January 1924	2,138,943 (c)	1,350,000	63.1
December 1925	1,923,806 (c)	1,050,000	54.6
February 1926	2,549,004 (c)	1,170,000	45.9
January 1927	2,536,309 (c)	360,000	14.2
December 1928	2,545,383 (c)	510,000	20.0
February 1929	3,229,871	625,000	19.4
December 1930	4,383,843	1,160,000	26.5
December 1931	5,668,187	1,365,000	24.1
February 1932	6,128,429	1,400,000	22.8
<i>Lowest total unemployment</i>			
May 1924	650,614 (c)	405,000	62.2
June 1925	450,217 (c)	260,000	57.7
October 1926	1,920,059 (c)	530,000	27.6
September 1927	867,367 (c)	150,000	17.3
July 1928	1,154,635 (c)	440,000	38.1
July 1929	1,466,886	490,000	33.4
May 1930	2,634,718	845,000	32.1
June 1931	3,953,946	1,175,000	29.7
February 1932	5,102,750	1,250,000	24.5

(a) Figures published by the Federal Institution for Placement and Unemployment Insurance.

(b) Estimated on the basis of trade union statistics.

(c) Number of persons seeking employment. These figures are slightly higher than the figures of unemployed, but no other figures are available for these years.

SOURCE: *Statistische Beilagen*, 1924-1933.

Vierteljahrshefte zur Statistik des Deutschen Reiches, 1924-1933.

reflected as a decrease in the number of partially unemployed workers.

To summarize briefly the stages which occur when labor market conditions improve: first, decreased intensity of partial unemployment; second, a decrease in number of partially unemployed; third, a decrease in totally unemployed. These long-range observations indicate that not only figures for the number of partially unemployed persons, but also exact analyses of conditions of employment require measurement at regular intervals of the degree of partial unemployment.

In Table 50 the relationship between total and partial unemployment in Germany is shown for each of the nine years between 1924 and 1932. It has been pointed out that no comprehensive figures for the number of partially unemployed are available. But an estimate based on the indispensable though limited figures of trade union members partially unemployed is given in Table 50. It compares the number of partially unemployed with the number of totally unemployed on the days of highest and lowest total unemployment during the year. Even in a normal year such as 1927, the figures for partial unemployment do not go below about 150,000. The highest figure for partially unemployed during the depression is under 1,500,000, a quarter of the figure for totally unemployed during the same period. (See also Chart 31, page 270.)

At the date of lowest total unemployment in each year, the ratio of partial to total unemployment moves between 17 and 62 per cent. Table 50 shows that only in three of the nine years compared are there substantial differences between the ratios of partial to total unemployment for the time of highest and the time of lowest total unemployment within a given year.

The problem of partial unemployment benefits as part of the scheme of unemployment insurance has been approached very cautiously in Germany. The purpose of continuous payment of partial unemployment benefits even through periods of depression has been attained. It is noteworthy that the elasticity achieved by leaving the operation of the system to the discretion of local labor authorities has proven very effective.

It need not be stressed that some provisions of the German partial unemployment benefit system were devised with reference to conditions peculiar to Germany. As there is no special system to provide for long-range total unemployment in the United States, introduction of a long-range partial unemployment system would appear to be premature. To mention only one of the limitations of the general partial unemployment scheme as established in Germany, the breakdown between factories with more or less than ten employees would appear to be arbitrary outside of Germany.

Nevertheless, the thoroughgoing knowledge of the system now operating for nearly twelve years should prove useful in building up a framework for partial benefit payments within the unemployment compensation legislation in the United States. For the system proves that measures of economic and social desirability can be brought into line with each other even in such a complicated field as partial unemployment.



d. SWITZERLAND

The origins of unemployment insurance in Switzerland can be traced to the seventeenth century. This small country holds the distinction of having created in 1893 the first communal unemployment insurance fund ever established, and one of its cantons, that of St. Gall, attempted in the following year to set up the first experiment with compulsory insurance ever tried.

The present system of unemployment insurance, however, dates only from the passage in 1924 of a federal law which recognized the numerous existing unemployment insurance institutions and encouraged the further development of such organizations by subsidies. The principle of cantonal sovereignty embodied in the federal constitution of 1848 prohibited the central government from launching a compulsory system for the whole nation and made a scheme of federal subsidies the only possible alternative. In some respects this situation is analogous to the limitations of the Federal Social Security program imposed in the United States by laws concerning States' rights.

As in Belgium, the national government confined itself to subsidizing funds set up by trade unions, funds established by cantons and municipalities, and joint funds of employers and employees on condition that they met certain minimum federal requirements. The cantons have been left free to introduce compulsory or voluntary schemes, or none at all. By 1934, under the stimulus of generous federal aid, thirteen cantons had passed compulsory unemployment insurance legislation, eight had conferred upon municipalities the right to establish compulsory schemes, and three had provided subsidies for approved funds of a private character. Only one canton, agricultural in character, had failed to legislate on the subject.¹ By 1937 the number of cantons with compulsory systems was fourteen.² In 1933 it was estimated that about 500,000 persons or 64 per cent of the insurable population were covered by the various funds.³ In 1937 the number had increased to 533,125. Of these, 242,963 were covered by trade union funds, 112,373 by funds financed by employers and employees jointly, and 177,789 by public funds.⁴

The Federal Act of 1924 which provided for subsidies to unemployment insurance funds made the inclusion of partial unemployment benefit optional. However, if this risk was covered, a subsidy was granted only on specified conditions. The same rate of benefit was required for partial and total unemployment; and loss of earnings for a certain number of hours per day, as well as for days per week, was to be compensated. But the maximum amount of benefit allowed for the two types of unemployment differed. Whereas benefit for those wholly unemployed could not

¹ Industrial Relations Counselors, *Administration of Public Employment Offices and Unemployment Insurance, Part IV, Switzerland*, by Dr. F. Mangold, p. 325.

² *Industrial and Labour Information*, March 28, 1938, pp. 363-364.

³ Industrial Relations Counselors, *Historical Basis for Unemployment Insurance* (1934), p. 58.

⁴ *Industrial and Labour Information*, March 28, 1938, pp. 363-364.

exceed 60 per cent of normal earnings where the member had dependents and 50 per cent where there were no family responsibilities, the maximum allowed to the partially unemployed was fully 20 per cent higher. The latter could receive up to 80 per cent and 70 per cent of normal earnings in the corresponding categories.

Maximum duration of benefit for total unemployment was set at 90 days within 360.⁵ The law controlled the duration of part-time unemployment—as partial unemployment is called in Switzerland—by a ruling that it “shall cease if within a period of 360 days the compensation for part-time unemployment, together with the compensation (if any) for total unemployment, reaches the amount of the full benefit for 90 days.” In short, benefit payments for both types of unemployment are total for each individual under an integrated bookkeeping system.

The original Act of 1924 left to the local authorities responsibility for supervising the administration of partial unemployment schemes. The following year the Order of 1925 contained more precise definitions and additional rules governing partial unemployment subsidies. Partial unemployment was broadly defined as temporary loss of work not involving termination of the employment contract and causing a loss of earnings. However, this definition was not rigidly applied. The anxiety of the government to encourage the jobless to accept work (even if inferior and outside of their usual trade) resulted in a ruling that, even if an unemployed person accepted a relief job or other work outside his trade, he might still be compensated for loss of earnings under the provisions relating to partial unemployment.

Administrators of funds could exercise supervision by demanding of the employer a certificate stating reasons for partial unemployment, amount of the worker's normal wages, and his current earnings. In addition, federal legislation prescribed that, when unemployment amounted to a whole day at a time or when loss of wages exceeded one-half the normal earnings and no other means of supervision existed, the general regulations for registration with public employment exchanges applying to the totally unemployed should also hold for partially unemployed. The purpose of this provision was to help the latter find either new full-time employment or supplementary work.

The Order of 1929 contained two important modifications pertaining to partial unemployment, one of which was made necessary by the existence of different rates of compensation for the two types of unemployment. This first ruling was an outcome of

⁵ The depression of 1930 compelled the federal government to permit temporarily the extension of benefits from 90 to 150 days in depressed industries. Further benefits for the unemployed in the hardest hit occupations were authorized by a law granting government subsidies to special relief schemes of the cantons. The scope of this relief was defined by orders of February 15 and May 12, 1932, applying to watchmaking, metal, machine, and textile industries. These orders set maximum rates for emergency allowances based on standard of living in the community and number of dependents. The duration was first fixed at 150 days a year, then raised in 1933 to 180 days. This special aid was given not only to the insured who had exhausted their right to benefit, or had not yet qualified for it, but under special conditions also to unemployed persons in need who were not insured. Industrial Relations Counselors, *Historical Basis for Unemployment Insurance* (1934), p. 150.

the difficulty in differentiating at times between total and partial unemployment in the case of persons completely laid off for long stretches of time while technically "attached" to their jobs. It provided that, when a partially unemployed person suffered complete loss of earnings during the normal wage period (which was fixed at no less than fourteen days even if the usual wage period was shorter), his benefit was to be calculated on the same basis as if he were totally unemployed. In other words, when partially unemployed persons were without any work for a period of two or more weeks, they were entitled only to the lower benefit rate allowed for total unemployment.

The second modification pertained to the waiting period. The 1924 Act had required a three-day period following each registration for both partial and total unemployment. Under subsidized plans this requirement could not be waived for the partially unemployed. The 1929 Order liberalized this provision by making it optional.

The Swiss have come up against a variety of problems in applying some regulations relating to partial unemployment benefits. It has not been possible to pursue hard and fast principles in executing rulings, and administrators have had to adopt interpretations as circumstances demanded. A quotation from an analysis by T. G. Spates and G. S. Rabinovitch of unemployment insurance in Switzerland will suggest the type of situation in which administrative discretion is exercised.

"In principle, the insured person who loses ten whole days of work during a payment period of three weeks (eighteen days) should be supervised by the public employment exchange. The question whether the insured should present himself personally at the exchange and how often must be decided in each case according to the state of the labor market. The local employment exchange must also take account of the work which the person still retains and not assign to him temporary work which would force him to lose the position he holds. The act provides that supervision by the exchange 'may be replaced in some adequate manner.' This may be necessary particularly when the exchange is not able to deal with the person in question either because there is apparently no temporary or supplementary work for him, or because the conditions under which he is unemployed prevent him from accepting temporary employment. In such cases, the Federal Labor Office suggests that supervision may be carried out by the employer or the administrator of the fund with which the person is insured, provided that they cooperate with the employment exchange.

"The question whether a partially unemployed person can be made to observe the regulations concerning the three-day waiting period arises only in connection with partial unemployment for a certain number of complete

days. Even in this case experience has shown that serious difficulties arise. Sometimes the person who expects to be only partially employed does not know how long this condition will last and cannot keep himself ready to accept any temporary work. In these circumstances the Federal Labor Office considers it is useless to require the partially unemployed worker to register immediately at the employment exchange. The Office therefore will raise no objection if a fund does not apply the three-day waiting period in cases of partial unemployment, but this must not involve any restriction of the activity of the employment exchange and shall not entail any disregard of the rules as to the rate of compensation.

“It is sometimes quite difficult to fix the line of demarcation between partial and total unemployment. It sometimes happens that work and the payment of wages are suspended for weeks or even months while the parties still consider that the employment contract continues. Is this to be considered complete or partial unemployment, and in the circumstances how must one interpret section 12 of order I of the act which defines the partially unemployed person as ‘an insured person who is temporarily unemployed’? The Federal Labor Office, after consulting the cantonal authorities and the recognized unemployment funds, interprets this text as follows: ‘Benefit should be paid at the rates for completely unemployed persons, not only to the insured who have lost their employment but also to those, who, while not dismissed, are for a certain period deprived of remunerative work at the hours normally devoted thereto.’

“The Federal Labor Office admits that this interpretation is not particularly clear. In the first place, what must be understood by the phrase ‘for a certain period’? The federal authorities purposely refrain from specifying any period except insofar as they prescribe a minimum limit of fourteen days. Consequently an insured person who has not worked for fourteen days or more without his contract of employment being cancelled and who on this account suffers a loss in earnings must be considered as completely unemployed and must receive benefit accordingly.”⁶

Before describing the procedure for obtaining partial unemployment benefit under one of the typical cantonal funds, it will perhaps be helpful to summarize briefly the major provisions which must be incorporated in cantonal laws setting up funds to operate under federal subsidy. As in Belgium, provision is made for minimum or maximum standards; within these limits, cantons are free to adopt their own regulations.

The federal government reserves the right to supervise the

⁶ Spates, T. G. and Rabinovitch, G. S., *Unemployment Insurance in Switzerland* (1931), pp. 111-112.

funds but has established no central administration for this purpose. Broad powers are left to local administrators in the hope that this will permit adaptation to sectional and industrial needs. Nevertheless, on such matters as conditions of eligibility, duration and amount of benefit, termination of membership, transfer of workers between funds, and administrative standards, many specific regulations have been issued.

The contributions of insured workers are fixed at not less than 30 per cent of the benefit paid. The federal subsidy for public funds is fixed at 40 per cent of the benefit paid (for joint funds the subsidy is also 40 per cent; for trade union funds, 30 per cent). A maximum temporary increase of 10 per cent at the discretion of the Federal Assembly is authorized. The Law permits federal subsidies to be made conditional on subsidies by cantons or communes, or on other terms.

The Act contains an eligibility requirement of at least 180 days of contributions to the fund and 150 days of employment during the year preceding a claim. A waiting period of three days after registration at the employment exchange is mandatory, but may be waived for partially unemployed applicants.

Compensation is set at a maximum of 60 per cent of normal earnings for totally unemployed persons with dependents, and at 50 per cent for those without dependents. The maximum for partially unemployed persons is an income from earnings and benefit combined not to exceed 80 and 70 per cent, respectively, of normal full-time earnings.

The federal regulations prescribe a method for determining normal full-time earnings. For both time and piece workers the normal wage is computed by taking the average of earnings during the last three biweekly pay periods; if the pay period is less than fourteen days, calculations must be based on the six weeks preceding unemployment.⁷ Duration of benefit is limited to 90 days out of 360, except during depressions, when it may be extended.

As indicated elsewhere, the unemployment insurance system is closely integrated with employment offices. Totally unemployed persons must report daily at such offices, whereas partially unemployed generally report two or three times a week or as directed.

Insured members have two control cards, a general one for the employment office and a special one for the insurance fund. These are presented for stamping every time the worker visits the office. The special control cards for total unemployment are white and for partial unemployment yellow. They provide for a seven weeks' record of daily registration, which record the worker eventually turns over to the insurance fund.

The chief administrative unit is the Federal Labor Office, a division of the Federal Department of Public Economy. The Office is responsible for seeing that the various funds receiving federal subsidy conform with requirements. Superior administrative powers, however, are exercised directly by the Federal Department

⁷ *Ibid.*, p. 114.

of Public Economy. Among other things, it issues supplementary regulations defining unemployment and seasonal work. This Department must also approve all principles laid down by the Federal Labor Office.

The benefit procedure under the Basle-Town Unemployment Insurance Fund is typical of Swiss cantonal public funds.⁸ It provides that, on becoming unemployed, a member must register at a public employment exchange. After registering, he must go to the insurance office and submit the necessary documents regarding eligibility for benefit. An examination is made of his eligibility claims. When all records are verified, a requisition for payment is submitted to the Fund's manager for approval and on approval, payment may be made by the insurance office.

The Basle-Town Unemployment Insurance Fund requires that the member must have evidence on his control card of regular registration at the public employment office. A written certificate from the last employer giving cause of unemployment must also be submitted. Basle-Town requires a three-day waiting period for total unemployment, but the legislation of February 27, 1934 allows waiving of subsequent waiting period if the insured had less than three months' work since the last compensated unemployment. In the case of partial unemployment, a one-day waiting period is exacted; more than one such period need not be observed if, following the first compensated unemployment, the worker had less than three consecutive months of work.

Unemployed workers in skilled trades are considered "attached" to their former employer for two months after cessation of work; if after that time the employer has no work available, they are regarded as completely separated from employment.

Precise knowledge of the time actually lost is necessary for calculation of benefit for the partially unemployed since such workers are subject to special benefit rates. The Fund therefore requires a fortnightly report from the employer indicating the period of unemployment, normal wages for ninety-six hours, earnings for the time worked, and amount of time lost expressed in days. Still another form made out by the employer duplicates the information just cited, and gives the Fund a record of partial unemployment incurred by all workers in a plant for each two-week period. The Fund fills in the wage class of each member and the equivalents of 50, 60, 70, and 80 per cent of the worker's normal earnings. Partial unemployment benefit is paid on Wednesday every two weeks.

To recapitulate, the record made out for the unemployed member contains the following information:

- (1) Usual wage for fortnight,
- (2) Worker's wage class,
- (3) Equivalent of 80 per cent of usual wage,

⁸ *Administration of Public Employment Offices and Unemployment Insurance, Part IV, Switzerland*, by Dr. F. Mangold, pp. 331-347.

- (4) Benefit rate of the wage class, and
- (5) Reason for dismissal.

A record is then given of the following items for a two-week period:

- (1) Normal wage for the period,
- (2) Actual earnings,
- (3) Days not worked, and
- (4) Days absent for illness.

Available statistics⁹ for insured persons wholly and partially unemployed, by months and industries, give only the per cent of unemployment in both these categories. As there are no figures on the number of days lost by each, it is impossible to compare the absolute loss of work suffered by the totally unemployed in relation to those only partially unemployed.

However, Table 51 shows that in the years 1931 and 1932 (which marked the beginning of a severe depression in Switzerland) the per cent of partial unemployment far exceeded that of total unemployment in three major industries—watchmaking, metals, and textiles. It was particularly pronounced in watchmaking where about one half the insured received partial benefit continuously throughout these two years. The data appear to indicate that, in the comparatively stable years from 1926 to 1929, the per cent of unemployment was about equal in each of the two categories; but that, beginning with the recession in 1930, partial exceeded total unemployment, slightly at first and more markedly in the two succeeding years. In 1933 this condition was reversed, and every year since then the percentage of total unemployment has exceeded that of partial unemployment.

⁹ *La Vie Economique* (Switzerland).

TABLE 51. PERCENTAGE OF INSURED PERSONS TOTALLY AND PARTIALLY UNEMPLOYED
By INDUSTRIES, SWITZERLAND, 1926-1937

END OF MONTH	CLOTHING AND BUILDING													
	ALL INDUSTRIES		AND LEATHER		AND WOOD		TEXTILES		METALS		WATCH-MAKING		COMMERCE	
	Total	Partial	Total	Partial	Total	Partial	Total	Partial	Total	Partial	Total	Partial	Total	Partial
1926														
March	2.7	2.7	0.9	1.8	3.8	0.1	6.6	7.7	1.5	4.1	(a)	(a)	1.6	0.0
June	2.4	3.7	0.0	0.8	1.6	0.3	7.8	8.0	1.9	6.1	(a)	(a)	1.0	0.0
September	2.8	4.5	0.0	5.8	2.3	0.7	8.1	7.9	1.1	6.9	(a)	(a)	1.4	0.0
December	5.6	4.6	0.6	2.2	11.0	0.8	7.2	5.9	2.9	9.3	(a)	(a)	1.4	0.0
1927														
March	2.8	3.0	0.2	0.7	3.4	0.8	4.5	7.2	2.2	5.1	(a)	(a)	1.3	0.0
June	1.6	1.7	0.1	0.0	1.8	0.2	3.4	5.0	1.0	1.9	(a)	(a)	1.1	0.0
September	1.7	1.5	0.1	0.1	1.6	0.2	4.1	4.6	0.7	1.2	(a)	(a)	1.0	0.0
December	4.5	1.7	0.2	0.2	15.8	1.1	4.1	3.9	2.4	0.9	1.1	3.4	1.1	0.0
1928														
March	1.9	1.0	0.6	0.6	2.3	0.1	3.6	2.0	1.0	0.3	0.9	2.4	1.0	0.0
June	1.2	0.8	0.7	0.5	1.2	0.0	3.1	1.8	0.3	0.1	0.4	1.0	0.9	0.0
September	1.0	1.0	0.6	0.5	0.9	0.0	3.4	3.1	0.2	0.1	0.2	0.6	0.9	0.0
December	4.0	1.4	0.5	1.4	14.4	0.2	4.6	3.1	1.7	0.2	1.0	3.3	0.9	0.0
1929														
March	1.6	1.7	0.8	5.2	2.1	0.0	4.2	3.4	1.2	0.2	0.4	1.6	0.8	0.0
June	0.7	1.0	0.4	3.1	0.6	0.0	2.0	3.8	0.2	0.0	0.2	1.1	0.7	0.0
September	0.8	0.9	0.3	2.2	0.3	0.0	2.5	3.1	0.2	0.0	0.2	0.9	0.7	0.0
December	4.2	3.3	0.8	0.3	13.0	0.2	3.5	9.8	2.0	0.7	2.5	18.4	0.7	0.0
1930														
March	2.6	4.2	0.2	0.3	3.7	0.2	3.3	10.7	1.7	2.0	4.6	21.4	0.8	0.0
June	1.7	5.7	0.2	0.1	1.1	0.2	2.7	10.2	0.8	2.3	5.3	37.4	0.9	0.0
September	2.5	8.3	0.3	0.5	1.5	0.2	4.1	14.4	1.5	6.3	6.8	39.7	1.8	0.1
December	6.6	10.4	0.4	4.6	15.9	1.8	5.5	13.6	4.6	12.0	11.5	54.6	2.2	0.1
1931														
March	5.7	12.6	1.1	17.2	8.1	1.0	5.1	17.3	4.3	14.5	17.0	61.3	2.5	0.4
June	3.6	9.7	1.1	8.8	1.5	0.2	2.8	12.3	1.7	12.5	16.5	56.8	2.7	0.3
September	4.0	11.2	1.1	2.9	1.8	0.5	4.3	14.7	2.0	18.3	18.7	52.2	3.1	0.3
December	10.1	14.9	2.4	28.8	22.9	2.7	8.4	21.4	8.1	22.1	22.5	55.5	3.5	0.6

1932														
March	9.0	14.0	7.0	19.6	11.9	1.9	10.1	19.8	9.8	22.6	24.9	57.1	3.8	0.7
June	7.1	11.3	5.5	4.6	4.9	1.5	8.9	14.7	6.9	21.3	27.7	45.1	4.2	0.7
September	7.8	10.8	4.5	1.8	6.7	1.8	7.6	16.1	8.1	22.7	28.3	43.6	4.6	0.7
December	13.3	11.9	4.6	9.7	29.4	2.8	9.6	15.9	13.8	23.4	30.4	50.7	4.9	0.7
1933														
March	12.0	10.4	3.8	2.3	17.8	2.2	12.0	14.6	13.1	20.3	31.7	39.2	5.4	1.0
June	8.0	7.9	2.3	2.1	8.5	1.8	9.1	10.9	8.8	13.8	25.1	36.0	4.8	0.6
September	7.3	6.9	1.9	1.9	7.6	1.7	9.1	10.6	7.2	12.2	23.3	30.0	4.7	0.5
December	15.8	7.1	3.3	3.0	36.8	2.7	13.5	10.2	14.6	12.8	30.3	31.1	5.2	0.5
1934														
March	10.6	6.4	2.8	3.1	16.1	2.1	8.7	9.5	10.5	10.5	30.8	30.1	5.9	0.7
June	6.6	5.3	2.2	3.1	7.9	1.4	7.3	9.0	5.5	7.3	24.0	28.1	4.5	0.5
September	7.0	5.7	1.9	10.6	10.3	1.1	8.9	10.9	5.9	9.0	23.5	23.5	3.5	0.5
December	13.3	6.0	4.2	4.9	32.1	1.9	10.2	12.0	11.9	11.4	28.8	21.6	4.0	0.4
1935														
March	13.4	6.7	3.6	4.4	28.8	2.6	10.5	11.7	12.7	11.8	28.3	27.6	4.5	0.6
June	8.3	5.4	2.5	2.4	14.2	2.1	9.0	11.4	7.6	9.0	19.4	23.7	4.2	0.5
September	9.2	5.6	2.3	2.0	18.1	2.5	11.1	14.6	8.6	8.8	18.3	18.2	3.9	0.6
December	17.0	6.7	4.4	3.4	47.7	4.4	12.6	13.8	14.5	12.6	19.3	20.2	4.3	0.4
1936														
March	15.3	6.7	3.6	2.1	37.6	3.8	11.3	10.8	15.5	12.6	24.0	21.9	5.0	0.5
June	10.1	5.3	4.0	5.9	22.0	3.7	8.0	9.2	10.8	8.9	15.7	18.3	4.5	0.5
September	11.0	5.1	3.7	7.5	25.0	3.8	8.6	10.7	12.1	8.3	15.9	14.5	4.0	0.6
December	14.3	3.3	4.3	1.6	39.5	3.4	8.0	4.4	13.7	5.4	16.0	12.2	4.2	0.3
1937														
March	12.7	2.7	3.3	1.4	34.5	3.3	5.6	3.6	11.3	3.8	15.3	8.9	4.2	0.4
June	6.4	1.9	3.1	2.0	13.8	1.7	4.6	3.7	5.8	2.1	9.1	6.2	3.7	0.4
September	6.8	2.1	2.6	3.1	16.0	1.7	5.1	6.2	6.3	1.9	8.3	3.7	3.3	0.3
December	13.4	3.5	4.1	5.5	42.7	3.5	7.6	11.3	9.7	3.6	8.6	4.4	3.2	0.3

(n) Combined with workers on metals.

SOURCES: 1926-30: Spates, T. G. and Rabinovitch, G. S., *Unemployment Insurance in Switzerland* (1931), pp. 131-132. 1931-37: Switzerland, *La Vie Economique* for these years.

GLOSSARY

ACCESSION NOTICE—A notice prepared by the employer for the unemployment compensation agency whenever an employee is first employed or is reemployed, giving name, social security account number, and date on which employment began.

ACTIVE FILE—A set of benefit accounts of claimants currently in receipt of benefits or certification cards.

ADDITIONAL CLAIM—*See* Claim.

AUTOMATIC LOW-EARNINGS REPORTS—*See* Low-Earnings Report.

AVAILABILITY FOR WORK—Condition of readiness and ability to accept suitable work on referral by State Employment Service. (*See also* Eligibility; Suitable Employment.)

BASE PERIOD OR BASE YEAR—A sequence of time, usually calendar quarters, in which the wages paid to a covered employee determine both his eligibility for benefits and the amount of benefits he is to receive.

Fixed Base Year As in New York State, the calendar year preceding a benefit year. (Benefit year defined below.)

Individual Base Period A sequence of time, a number of completed calendar quarters immediately preceding the beginning of a benefit year, usually but not necessarily changing with the passage of a calendar quarter. (Benefit year defined below.)

Rolling Base Period A term used to describe an individual base period which changes with the passage of a calendar quarter, thus involving quarterly redetermination. (Redetermination defined below.)

BENEFIT AMOUNT—*See* Weekly Benefit Amount.

BENEFIT CREDITS—The total amount of benefit payable an applicant on the basis of his statutory wage credits at the time of filing a claim. (Wage Credits defined below.)

BENEFIT DETERMINATION—*See* Initial Determination of Benefits.

BENEFIT DURATION—A term used to designate the maximum number of weeks of total unemployment for which a claimant may receive benefits; sometimes used also to designate total amount of benefit credits. (Benefit Credits defined above.)

BENEFIT RATE—A term used in some States synonymously with Weekly Benefit Amount; usually, but not necessarily, a weekly amount. (*See also* Weekly Benefit Amount.)

BENEFIT RIGHTS—A term used in some States to designate weekly benefit rate, duration, and total benefits to which a claimant is entitled if he meets eligibility requirements.

BENEFIT YEAR—A twelve-month period in which total potential benefits may be actually received.

Fixed Benefit Year A calendar period which is the same for all applicants, as in New York.

Individual Benefit Year Varies with applicants, according to date on which claim is filed or benefits are payable.

CASUAL EMPLOYMENT—Employment in temporary jobs of brief duration; may be either full-time or less than full-time prevailing in industry or occupation; includes odd-job employment.

CERTIFICATION CARD—In New York State, a card mailed to the claimant after the preparation of a benefit check, asking him to certify either employment or unemployment in the week for which the check was prepared.

CLAIM ADJUSTMENT REPORT—As used in New York, a tracer or pay order issued by a local employment office to the Bureau of Insurance Control for the purpose of correcting errors or of notifying the Bureau of Insurance Control concerning the disposal of contested claims; used also to advise the local office and claimant regarding the status of a claim if such information is not contained in local office files.

CLAIM

Additional A claim filed for a second or subsequent spell of unemployment in a given benefit year. In New York sometimes called Second Request.

Continued A claim filed subsequent to the initial claim, during the same spell of unemployment. (See Initial Claim below.)

Initial First claim for benefit in a given spell of unemployment. (See Continued Claim above.)

Original Usually, the claim for benefit filed in connection with the first spell of unemployment in a benefit year. (See Additional Claim above.)

CLAIM LOAD—The volume of benefit claims on hand on a given day or in a given period.

CLAIM RECORD CARD—A control card on file in the local office in the name of a claimant indicating his weekly benefit amount and total benefit credits or duration, waiting-period credits, dates and signatures for all compensable weeks, low earnings during weeks of partial unemployment, and other information pertaining to the claim, thus constituting a local office ledger. In New York State, it is called the Numerical Index Card. (Numerical Index Card defined below.)

CLEARANCE—The exchange or distribution of information about unfilled jobs and unplaced applicants between employment offices for the purpose of filling openings of one office with qualified applicants known to another.

COMPENSABLE DAY—A day of total unemployment, subsequent to the waiting period, for which benefit is payable, as under the Railroad Unemployment Insurance Act or the British unemployment insurance system.

COMPENSABLE WEEK—A week of total or partial unemployment, subsequent to the waiting period, for which benefit is payable.

CONTINUED CLAIM—See Claim, Continued.

CONTROL CARD—In New York, a punch card ledger showing number of potentially compensable weeks, serial number of last week

- for which compensation may be payable, provided the claimant remains unemployed, and serial number of week in which payment was stopped.
- COVERED EMPLOYEE**—A person engaged in covered employment. (Covered Employment defined below.)
- COVERED EMPLOYMENT**—Employment with respect to which contributions are required under an unemployment insurance or compensation plan and on the basis of which eligibility of employees for benefit is determined.
- DISQUALIFICATIONS**—Conditions relating to factors other than earnings which make claimants not entitled to benefits during the period for which they are disqualified; usually relate to reasons for separation from employment, availability for work, refusal of work. (Availability for work, defined above. *See also* Eligibility.)
- DRAFT BILLS**—Drafts of suggested provisions for unemployment compensation acts prepared by the Social Security Board to aid the States in the preparation of unemployment compensation laws.
- DUE-BEFORE DATE**—In New York State, a peculiar regulation, later abandoned which required claimants to report to local offices prior to the date stamped on their reporting card.
- ELIGIBILITY**—Statutory conditions regarding past earnings that must be satisfied by a claimant in order to receive benefit. An eligible claimant may, however, be disqualified. (Qualifying Period defined below; Disqualifications defined above.)
- EMPLOYER RESERVE FUND**—Type of unemployment compensation plan in which accounts of the contributions of employers are kept separately and the contributions are available for the payment of benefits solely to their own unemployed workers. (*See also* Pooled Fund.)
- EXPERIENCE RATING**—The term experience rating, sometimes called merit rating, refers to the provisions in an unemployment insurance law under which employers' tax rates are varied in accordance with their employment experience. The main objectives are (1) to promote stabilization by rewarding the employer who regularizes employment in his establishment and (2) to adjust the tax burden in accordance with the drains upon the fund caused by the employment practices of different employers.
- FLAT RATE OF BENEFIT**—An unemployment benefit rate which is the same for all beneficiaries or all of a class of beneficiaries where classification is based on factors other than previous wage.
- FULL-TIME WEEKLY WAGE**—The full-time wage accepted as prevailing in an occupation; as a statutory term, for purposes of benefit determination, a figure usually computed on the basis of earnings in a fixed previous period by means of a formula stipulated in the statute.
- HIGH-EARNINGS WEEK**—A week of partial unemployment during which a worker earns less than his regular full-time amount

but more than the maximum amount which would permit him to qualify for partial unemployment benefit or waiting-period credit for the week. (Sometimes referred to as week of excessive earnings.)

HOLLERITH CARD—*See* Punch Card.

IDENTIFICATION CARD—A card given to an applicant by an employment office as evidence of registration at the office.

INITIAL CLAIM—*See* Claim, Initial.

INITIAL DETERMINATION OF WEEKLY BENEFIT AMOUNT—The first determination in a given benefit year, of the weekly benefit amount and maximum benefit credits; used generally to describe the work sheet on which computations have been made, a copy of which is often part of the local office record. For New York State, *see* Statement of Benefit Rights.

INVOLUNTARY PART-TIME EMPLOYMENT—*See* Part-time Employment, Involuntary.

LAG QUARTER—The completed calendar quarter immediately preceding the filing of a claim, during which period the earnings do not usually enter into the computation of benefit rights for the quarter in which the claim is filed.

LOW-EARNINGS REPORTS—A report, required in some States, to be prepared periodically by the employer for the unemployment compensation agency or for the employee giving earnings of partially unemployed workers in connection with compensation for partial unemployment.

Automatic Low-Earnings Report A report prepared by an employer in accordance with regulations requiring him to report earnings of all employees whose wages fall below a given amount, or below a given percentage of usual full-time wages, or whose hours of work are reduced below a certain percentage of regular full-time hours, regardless of whether or not a claim for partial unemployment benefits is filed.

Low-Earnings Report on Request A report of low earnings prepared by an employer in accordance with regulations requiring a report of low earnings at the request of the unemployment compensation agency or the employee after a claim for partial unemployment benefit has been filed.

LOW-EARNINGS WEEK—A week of partial unemployment during which a worker earns less than the maximum amount legally permissible to qualify for partial unemployment benefit or for waiting-period credit.

MASS LAY-OFF—Separation from employment affecting an entire establishment or division of one establishment or a minimum number of employees.

MASS PARTIAL UNEMPLOYMENT—Partial unemployment affecting a minimum number or minimum per cent of the total number of workers customarily employed full time in a single establishment.

MASS PROCEDURES—A separate set of procedures for handling claims for benefit which arise in connection with mass lay-off

or mass partial unemployment, sometimes involving cooperation of the employer and use of the employer's premises in the taking and the payment of claims; devised to relieve local offices of the necessity of handling sudden increases in claim load through the usual procedures for individually filed claims.

MASS SEPARATION REPORT—A report required or permitted in some States in connection with mass lay-offs listing names, social security account numbers, and date and reason for separation of all employees laid off, submitted by the employer directly to the unemployment compensation agency to facilitate the processing of the claims.

MERIT RATING—*See* Experience Rating.

NUMERICAL INDEX CARD—In New York, an individual benefit ledger in local employment office corresponding to the Claim Record Card of other States. (*See also* Claim Record Card.)

ODD-JOB EARNINGS—Amount earned in odd-job or casual employment.

ODD-JOB EMPLOYMENT—*See* Casual Employment; Part-Total Unemployment: Part-Time Employment, Involuntary

ORIGINAL CLAIM—*See* Claim, Original.

PARTIAL UNEMPLOYMENT—Unemployment not involving complete separation from regular employment, but resulting in loss of earnings due to reduction of working time below normal full-time hours in an establishment; as a statutory term, measured usually in terms of loss of earnings, but sometimes, as in Railroad Unemployment Insurance Act, in terms of loss of time.

PART-TIME EMPLOYMENT—Employment which is regularly less than customary scheduled full-time hours.

Involuntary Employment in which hours worked are less than customary scheduled full-time hours because full-time services are not needed.

Voluntary Employment in which hours worked are less than customary scheduled full-time hours because worker is unable or unwilling to work usual full-time hours.

PART-TOTAL UNEMPLOYMENT—Unemployment arising out of either involuntary part-time or casual employment; as a technical term in unemployment compensation, refers to a period of complete separation from regular employment, during which some subsidiary earnings have been received from part-time or casual employment.

PAY ORDER—An authorization to make payment on a claim for a given compensable week, prepared by the local office or claims examiners in the central office, after benefit rights have been determined, and both eligibility and qualification have been established.

PAYROLL REPORT—Report by employer to unemployment compensation agency, of earnings of all employees in covered employ-

ment, the source of individual wage records which are used in determining eligibility, benefit rate, and duration of benefit for all insured workers; usually, but not necessarily, a quarterly report.

PAY VOUCHER—*See* Wage Voucher.

POOLED FUND—An unemployment insurance fund in which all contributions are mingled and available for the payment of benefits to any eligible covered employee, regardless of employers by whom he is or was employed. (*See also* Employer Reserve Plan.)

PREDETERMINATION—Determination of benefit rights in advance of the filing of claims for benefit for all covered workers at the start of the calendar year, either by the unemployment compensation agency on the basis of central office wage records, or by the employer, as in Wisconsin. In connection with automatic low-earnings reports, the determination of benefit rights in advance of the filing of claims for all employees reported to be working less than full time.

PUNCH CARD—Tabulating card on which entries are indicated by perforations in a series of vertical and horizontal columns. (In unemployment compensation agencies, punched holes indicate benefit rate, duration, social security account number, and other data relating to a claim for benefits.)

QUALIFYING PERIOD—A specified period of previous covered employment that an employee must have in some States before he can receive benefits under an unemployment compensation law. (*See also* Eligibility.)

QUARTERLY PAYROLL REPORT—*See* Payroll Report.

RECALCULATION—In New York, a term used for a new computation of benefit duration for claimants whose benefits under the initial determination have become exhausted and who have not received sixteen weeks of benefits and are still in the active file which brings into play lag-quarter earnings and makes additional wage credits available (later revised). (Active File defined above.) In Connecticut, a term applied to a new computation of weekly benefit amount and maximum benefit credits, made on the basis of additional wage information, such as an annual bonus, and requiring an adjustment on past benefit payments. (*See also* Redetermination.)

REDETERMINATION—A new determination of benefit rights required on additional claims and in some States on continued claims when a new calendar quarter has become operative since the previous determination; necessary in States using a rolling base year, as against a fixed calendar base year. In New York, a term used for a second determination of benefit rights required for all initial claims from persons who were not eligible according to the computation based on earnings in a fixed calendar base year. Benefit rights for such claimants were determined with reference to a rolling base year (later revised). (*See also*

Claim—Additional, Continued, Initial; Benefit Rights; Base Year; Eligibility.)

REDUCED TOTAL BENEFITS—Amount of unemployment insurance benefits paid or payable to workers who experience part-total unemployment. (Part-Total Unemployment defined above.)

REFERRAL—The process by which an employment office, in response to an employer's order, sends an applicant meeting his specifications to the employer to be interviewed for the opening.

REGISTRATION—The process of recording on the appropriate form in the local office the information which will enable classification of an applicant for employment in the occupation in which he is best qualified or most likely to find employment, not necessarily related to unemployment insurance or compensation; the applicant's work history.

SCHEDULE—A term used in a technical sense in New York State to denote the aggregate of all claims filed throughout the State on a given day.

SECOND REQUEST—A term sometimes used in New York for additional claims. (Claim, Additional, defined above.)

SEPARATION NOTICE—A notice, prepared by the employer on a special form provided by the unemployment compensation agency whenever an employee leaves his employ, giving date and reasons for separation from employment; in Rhode Island, giving also lag-quarter earnings.

SKIP-WEEK WORKER—Worker employed regularly on an alternate week schedule.

SOCIAL SECURITY ACCOUNT NUMBER—The number assigned a worker by the Federal Government under the old-age insurance provisions of the Social Security Act.

SPOT POINT—A term used in North Carolina to designate establishments at which claims are taken and benefits are paid on the employer's premises by a deputy of the State unemployment compensation agency in connection with claims handled under mass procedures. (*See also* Mass Procedures.)

STAMP SYSTEM—A method of recording the payment of contributions in an individual employee's passbook by affixing a stamp, such record to be used as a basis for the payment of benefits. Not in use in the United States.

STATEMENT OF BENEFIT RIGHTS—In some States, notice of eligibility for benefit and of benefit rights, i.e., rate and potential duration, prepared for the claimant by the unemployment compensation agency.

STOP-BENEFIT-PAYMENTS ORDER—In New York, an order from a local office to the Bureau of Insurance Control notifying it that payment on a claim should be stopped for failure to meet statutory requirements. The order is collated with the active control card file for the purpose of withdrawing the claimant's account from the active file. Later, this State adopted a pay-order system (*see* pp. 44-60).

STOP ORDER—In States other than New York a term sometimes used for inter-office or intra-office communications, the purpose of which is to stop a pay authorization because of disqualification or exhausted benefits. For New York State, *see* Stop-Benefit-Payments-Order.

SUBJECT EMPLOYER—*See* Covered Employer.

SUBSIDIARY EARNINGS—*See* Odd-Job Earnings.

SUITABLE EMPLOYMENT—Employment for which claimant is reasonably fitted by training and experience, refusal of which disqualifies him from receiving benefits except in (1) case that its acceptance requires him to join a company union or would interfere with his joining or retaining membership in any labor organization; (2) there is a strike, lockout, or other industrial controversy in the establishment where employment is offered; (3) the employment offered is unreasonably distant from his home or his expense involved in travel would be substantially greater than that required in his former employment; or (4) wages, hours, or conditions offered are substantially less favorable than those prevailing for similar work in the locality or are such as tend to depress wages or working conditions.

SUPPLEMENTARY FILE—In New York, a file consisting of delayed claims awaiting merger into the main active file (later abandoned).

WAGE AND SEPARATION REPORT—A report sometimes used in place of a quarterly payroll report in which the employer records for each employee the date of accession and separation, reason for separation, and such wage information as is required by the unemployment compensation agency (as in Connecticut); sometimes (as in Wisconsin) combined with a form for reporting low earnings for partially unemployed employees. Used also to describe a report sometimes required to supplement regular quarterly payroll reports, giving date and reason for separation from employment and lag-quarter earnings (as in Rhode Island).

WAGE CREDITS—That portion of wages of a covered employee during his base period which, in accordance with statute, are used for purposes of benefit determination and eligibility.

WAGE RECEIPT—*See* Wage Voucher below.

WAGE VOUCHER—Pay envelope, check stub, or separate slip recording name and number of employee and employer, dates of pay period, gross wages, and social security deductions; required of employers by regulation of the unemployment compensation agency in some States for use in partial unemployment cases as evidence of low earnings.

WAITING PERIOD—A statutory period of uncompensated unemployment which must be served by an employee before he can receive benefits.

WAITING-PERIOD CREDITS—Waiting-period weeks served in connection with a past or pending claim for benefits which can be counted toward the waiting period throughout an interval of thirteen, twenty-six, fifty-two, or sixty-five weeks, depending on the statute.

WEEKLY BENEFIT AMOUNT—The amount of benefit to which a claimant is entitled for a week of total unemployment calculated in accordance with the statutory formula for determining benefits, often referred to as the weekly benefit rate.

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STATE OF NEW YORK—DEPARTMENT OF LABOR
DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

*Special Bulletins—Placement and Unemployment
Insurance Series*

- No. 1 *Economic Brief* in Support of New York State Unemployment Insurance Law. Submitted to the Supreme Court of the United States, October Term, 1936, including Legal Brief and Additional Documents. Prepared by the Bureau of Research and Statistics, Division of Placement and Unemployment Insurance. 1937 Second Edition (356 p.) \$1.00

The second edition of the Brief differs from the original edition by the inclusion of materials added for reference use. These additions include the text of the Unemployment Insurance Law as defended in the Courts, the Legal Brief, and the decision of the New York State Court of Appeals as affirmed by the United States Supreme Court.

- No. 2 *Interim Report on Partial Unemployment*. Submitted to the Industrial Commissioner by the Committee on Partial Unemployment, February 1, 1938. Prepared for the Committee by the Bureau of Research and Statistics, Division of Placement and Unemployment Insurance. (153 p.) \$.75

This Bulletin presents a factual study of one of the least explored and most imperfectly understood forms of unemployment. In addition to a theoretical discussion, it presents an inclusive summary of available statistical information, a description of methods for analysis of partial unemployment, a type study of the incidence of this hazard, and tentative estimates of costs of partial unemployment insurance.

- No. 3 *Partial Unemployment*. Administrative Studies of Unemployment Insurance and of the Inter-Relation of Partial and Total Unemployment Benefits, including Reports submitted by the Industrial Commissioner to the Legislature, 1939 and 1940.

Technical materials prepared by the Bureau of Research and Statistics include discussion of the "day-base" plan for benefit payment, a detailed account of initial administrative experience in New York State, and chapters on experience of other selected States. (311 p.) \$1.75

- Unemployment Insurance Law*. A printed annotated, and fully indexed edition covering all amendments to the Law through the 1940 Session of the Legislature. Includes Regulations of the Industrial Commissioner promulgated under the sections of this Law and Rules for Appeal Board and Referees pertaining to the adjudication of cases concerning disputed claims to benefits and contributions to the Unemployment Insurance Fund by employers under the terms of the Law. (80 p.) \$.15